E. C. No. 682

ESTIMATES COMMITTEE
(1970-71)

(FOURTH LOK SABHA)

HUNDRED AND THIRTY-THIRD REPORT

MINISTRY OF LABOUR, EMPLOYMENT & REHABILITATION (DEPARTMENT OF LABOUR & EMPLOYMENT)

Action taken by Government on the recommendations contained in the Hundred and Twenty-Third Report of the Estimates Committee (Fourth Lok Sabha) on the Ministry of Labour, Employment and Rehabilitation (Department of Labour & Employment)—Employees' State Insurance Corporation.

LOK SABHA SECRETARIAT
NEW DELHI

December, 1970/Pausa, 1892 (Saka)

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CORRIGENDA

To the

Estimates Committee (1970-71) Hundred and Thirty-third Report on the Ministry of Labour Employment and Rehabilitation (Department of Labour and Employment) - Action taken by Government on the recommentations contained in the Hundred and Twenty-third Report on the Employees' State Insurance Corporation.

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(1970-71)

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26. Shri Satya Narain Singh

*Elected w.e.f. 11-12-1970 *vice* Shri M. Thirumala Rao died.

27. Shri N. K. Somani
28. Shri S. Supakar
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30. Shri Nagendra Prasad Yadav

SECRETARIAT

Shri B. B. Tewari—*Deputy Secretary.*

Shri Y. Sahai—*Under Secretary.*

STUDY GROUP 'E'

(ESTIMATES COMMITTEE)

(1970-71)

CHAIRMAN

Shri M. Narayan Reddy

MEMBERS

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11. Shri Shashi Bhushan
12. Shri Satya Narain Singh
13. Shri S. Supakar
14. Shri Ramesh Chandra Vyas
15. Shri Nagendra Prasad Yadav

INTRODUCTION

I, the Chairman of the Estimates Committee having been authorised by the Committee, present this Report of the Estimates Committee on action taken by Government on the recommendations contained in the Hundred and Twenty-third Report of the Estimates Committee (Fourth Lok Sabha) on the Ministry of Labour, Employment & Rehabilitation (Department of Labour and Employment)—Employees' State Insurance Corporation.

2. The Hundred and Twenty-third Report was presented to the Lok Sabha on the 22nd April, 1970. Government furnished their replies indicating action taken on the recommendations contained in that Report on the 16th November, 1970. The replies were examined by the Study Group 'E' of the Estimates Committee (1970-71) at their sitting held on the 18th December, 1970.

The draft Report was adopted by the Estimates Committee (1970-71) on the 23rd December, 1970.

3. The Report has been divided into the following Chapters:—

I. Report.

II. Recommendations which have been accepted by the Government.

III. Recommendations which the Committee do not desire to pursue in view of the Government's replies.

IV. Recommendations in respect of which replies of Government have not been accepted by the Committee.

V. Recommendations in respect of which final replies of Government are still awaited.

4. An analysis of the action taken by Government on the recommendations contained in the Hundred and Twenty-third Report of the Estimates Committee (Fourth Lok Sabha) is given in Appendix. It would be observed therefrom that out of 76 recommendations made in the Report, 52 recommendations *i.e.* 68.4 per cent have been accepted by Government; the Committee do not desire to pursue 6 recommendations *i.e.* 8 per cent in view of Government's replies;

replies of Government in respect of the 6 recommendations *i.e.* 8 per cent have not been accepted by the Committee; while final replies of the Government are still awaited in respect of the remaining 12 recommendations *i.e.* 15.6 per cent.

NEW DELHI;
December 26, 1970.
Pausa 5, 1892 (*Saka*).

K. N. TEWARI,
Chairman,
Estimates Committee.

CHAPTER I

REPORT

Association of Ministers with ESIC (Serial No. 2, Para No. 2.24)

The Committee had, in para 2.24 of their 123rd Report on the Ministry of Labour, Employment and Rehabilitation (Department of Labour & Employment)—Employees' State Insurance Corporation, considered the Association of Ministers as Chairman, Vice-Chairman or members of the Corporation and the Standing Committee, which were composed largely of officials as unusual. They felt that an anomaly was created when the same Minister in his capacity of the head of the administrative Ministry overruled the decisions of the Corporation which also was presided over by him. In their opinion the practice did not fit in with the general supervisory powers vested in the Central Government under the Employees' State Insurance Act. The Committee recommended that Government should adopt the practice of appointing a prominent publicman with necessary knowledge and experience of promoting labour welfare to fill the office of the Chairman of the Corporation for a fixed term to be specified in the Act.

2. In reply, Government have stated that the Union Labour Minister has been nominated as Chairman of the Employees' State Insurance Corporation under the Employees' State Insurance Act, 1948 and the Central Government is *inter alia* responsible for (a) fixing the rate of contribution payable by employers and (b) promoting uniformity of standards and benefits for the working of the Scheme and coordination among the various State Governments while the State Governments are responsible for administration of medical care under the Scheme. It is stated that the Corporation has been facing financial difficulties recently and to meet the situation it had to take certain decisions including imposition of ceiling of Rs. 50|- per employee per annum on the cost of medical benefit which is administered by State Governments. In the view of the Government, it seems necessary to continue the Union Labour Minister as Chairman of the Corporation to secure cooperation of the State Governments in the administration of the Scheme, particularly to implement the ceiling of Rs. 50|- per employee per annum on the cost of medical benefit as mentioned above. Government have added that the recommendation in question has also been considered by the Standing

Committee and the Corporation. Members of the Standing Committee are stated to be of the view that the present arrangement under which the Minister of Labour is the Chairman of the Corporation, should continue in the larger interests of the Corporation. The Employees' State Insurance Corporation has accepted the view of the Standing Committee. In view of the position explained, Government have regretted their inability to accept the recommendation and have stated that they propose to continue the present arrangement for sometime and that the matter will be reviewed in due course.

3. The Committee are not convinced with the plea put forward by the Government that the present arrangement is necessary to secure the cooperation of the State Governmens in the administration of the Scheme in general and enforcing the recently fixed ceiling on the cost of medical benefit in particular. They feel that with an eminent publicman of outstanding ability and experience in labour welfare as head of the Corporation, it should be equally possible to secure effective implementation of the decisions of the Corporation. The Committee reiterate their earlier recommendation and urge upon the Government that the necessary changes in the statute may be brought about as early as possible.

Standing Committee

(Serial No. 3, Para No. 2.25)

4. In para 2.25, the Committee recommended that the Chairman of the Standing Committee should be nominated from amongst the workers' and employers' representatives to hold office for a period of two years by rotation.

5. Government have, in reply, stated that the Secretary, Department of Labour and Employment is now the Chairman of the Standing Committee. As also stated by them in their reply to recommendation No. 2 referred to above, Government feel that it is necessary to secure the cooperation of State Governments in administration of the Scheme and in implementing the decisions taken by the Corporation. It has been added that the Government propose to continue the present arrangement for sometime and that the matter will be reviewed in due course.

6. It has also been stated that the recommendation has been considered by the Standing Committee and the Employees' State Insurance Corporation. The Standing Committee and the Corporation have not supported the recommendation made by the Committee.

7. The Committee are still of the opinion that it would be quite in the fitness of things that the Chairman of the Standing Committee should be nominated from amongst the workers' and employers' representatives by rotation. They have no doubt that this step would infuse a greater enthusiasm both amongst workers' and employers' representatives which is vitally required at the present juncture to provide a new life as well as direction to the activities of the Corporation.

Post of Actuary

(Serial No. 14, Para No. 3.10)

8. The Committee had, in para 3.10, found that since the inception of the Corporation the post of Actuary had been held independently for a period of about ten years. During other ten years, the post had been lying vacant or had been held by the Insurance Commissioner or Financial Adviser and Chief Accounts Officer in addition to their respective duties. At present too the Financial Adviser and Chief Accounts Officer is performing the duties of Actuary. The Committee came to the conclusion that there was no sufficient justification for having a separate post of Actuary. They recommended that the post of Actuary might be abolished and its functions and duties merged either with those of the Insurance Commissioner or Financial Adviser and Chief Accounts Officer as would be considered more appropriate from the practical point of view.

9. Government have in reply stated, "While it may appear on paper that the post of Actuary has been held independently only for a period of about ten years out of twenty, the fact remains that the Corporation was never without the services of a fully qualified Actuary even for a single day. In the earlier years, Shri K. K. Bhargava, M.Sc., F.I.A., was a full-time Actuary of the Corporation and when he was appointed as Insurance Commissioner he was asked to continue to look after the Actuarial side which in those formative years, did not really require whole-time attention. After Mr. Bhargava's death, Shri S. P. Jain was whole-time Actuary for a period of about a year and thereafter Shri V. R. Natesan, M.A., B.L., F.I.A. who was already on the staff of the Corporation as Regional Director was appointed as a full-time Actuary at the Headquarters Office. By this time sufficient data had begun to emerge and there was enough work for a whole time Actuarial Division which has steadily grown in the course of the years. This can easily be verified by a perusal of our Annual Reports. The Annual Reports upto the years 1959-60, when we did not have a whole-time Actuary, gave the barest possible statistical data. The

Annual Reports for subsequent years, when we had a full-time Actuary on the job, give statistical data in details with the result that in the year 1963-64, the Annual Report had to be bifurcated into 2 parts one dealing with the running matter and the other as the statistical supplement. The enormous growth in the compilation, analysis and interpretation of the data thrown up the Scheme would not have been possible but for the fact that we had a full-time Actuary on the job. Further during this time, the system of reviewing on a systematic basis the incidence of sickness and disablement, etc., claims, was initiated and improved upon from time to time and now in respect of every Region and within each Region in respect of each centre (we have in all about 316 Centres), the review is made annually twice in respect of each State with a view to keep down the incidence wherever this is traced to be higher; in addition many investigations on the cash and other benefits have been undertaken apart from rendering technical advice to the Ministry of Labour etc., on Social Security problems. It does not seem possible to visualise and insurance institution without an Actuary. Apart from the huge statistical data which has to be sorted out and analysed, it is the job of the Actuarial Division to keep a watch on the trends in the incidence of various benefits and to alert Regions where any of these trends show unhealthy signs as already stated. It is also their primary function to keep a watch on the special funds created for payment of Permanent Disablement and Dependent's Benefit. These are long-term benefits and the solvency of the funds through which they are to be paid, can only be assessed by a fully qualified Actuary. The provision of Section 37 requiring Quinquennial Valuation is itself an evidence of the actuarial importance of the Scheme and unless the Corporation has a whole-time Actuary to look after the work from day-to-day mere quinquennial valuation will be of little value. The Parliament apparently appreciated this position and that is why, it made a specific provision for the appointment of full-time Actuary as one of the Principal Officers of the Corporation under Section 16(1)(e). This position has not changed in the least and there would be no justification to withdraw the post of an Actuary now. In fact, over the course of years ,the statistical and actuarial work has considerably increased and if anything, there is greater justification for the retention of the post, if not for further development. In the circumstances, Government regret their inability to accept the recommendation that the post of Actuary may be abolished."

10. The Committee are not convinced with the arguments put forward by the Government. They still hold the view that since it has been possible in the past for a long time to have the functions

and duties of Actuary performed by the other Principal Officers, namely the Insurance Commissioner or the Financial Adviser & Chief Accounts Officer in addition to their respective duties, there should be no difficulty in future too to appoint such an incumbant to then posts who should be able to perform the functions of Actuary. The Committee reiterate their earlier recommendation and hope that the post will be abolished as early as possible and its functions and duties merged with either of the said two posts of Principal Officers.

All India Cadre of ESI Medical Officers

(Serial No. 56, Para No. 7.56)

11. The Committee had, in para 7.56, recommended that the feasibility of creating a separate all India Cadre of ESI Medical Officers on the lines of Central Health Service with an earmarked quota for each State be examined in consultation with the State Governments. The Committee felt that the creation of an all India Cadre under the over-all control of the Corporation would inculcate a sense of belonging to the Scheme in the minds of those serving it and also enable the Corporation to have an effective control over the administration of Medical Care.

12. In reply, Government have informed that the matter has been considered by the Standing Committee and the Employees' State Insurance Corporation which have agreed that the present system of administration of medical care through the State Services may continue, as it makes readily available to the Corporation the experience of the State Governments also. It is added that all the State Governments are represented on the Employees' State Insurance Corporation.

13. While reiterating their earlier recommendation, the Committee suggest that the question may be examined again in detail. In this connection the opinion of the All India Medical Council and other recognised bodies of medical profession may also be elicited, if necessary.

Integrated Social Security Scheme

(Serial No. 75, Para No. 8.34)

14. In para 8.34, the Committee were distressed to note that although the attention of the Government as to the desirability of having a comprehensive Social Security Scheme was drawn by the Study Group as far back as 1958, no progress had been made in that

direction as yet. They learnt that in many other countries the proliferation of special or complementary Social Security Schemes had raised a delicate but inescapable problem of coordination. The Committee, therefore, stressed the importance of an integrated Social Security Scheme not only for administrative reasons but also in view of the social security objectives of parity of benefits and equalisation of charges, corresponding to the egalitarian tendencies of modern societies. The Committee urged upon the Government to take early steps to formulate a plan for an integrated social security scheme comprising the existing as well as proposed schemes, to be gradually implemented within a set period of time.

15. Government have, in reply, indicated that they "had appointed a Working Group with the Director General, Employees' State Insurance Corporation, as the Chairman to examine the question of integration of Social Security Schemes. The Report of the Working Group has since been received and the proposal for merger of the Employees' State Insurance and the Provident Fund Schemes has been accepted in principle. As the first step towards the merger, it is proposed to appoint a Special Officer to consider the practical issues and to work out the essentials of an Integrated Scheme. Further action will be taken after the Report of the Special Officer becomes available".

16. The Committee consider that the merger of ESI and EPF Schemes is only a very minor attempt in the direction of achieving the aim of having an Integrated Social Security Scheme. Even the question of merger of the said two Schemes has yet to take a shape. The Committee need hardly emphasise again the importance of an Integrated Social Security Scheme. They strongly recommend that Government should take suitable steps to formulate a broad-based plan for an Integrated Social Security Scheme comprising the existing as well as proposed schemes with a definite time-schedule for its implementation.

Merger of ESI and EPF Schemes

(Serial No. 76, para No. 8.35)

17. In para 8.35, the Committee while referring to the observations made by them in their 90th Report (Second Lok Sabha) and 116th Report (Fourth Lok Sabha) on Employees' Provident Fund Organisation stressed that the merger of ESI and EPF Schemes would lead to two-fold advantages of laying foundation of a comprehensive Social Security Scheme and reducing over-head costs of the individual Schemes. The Committee had suggested that all necessary

steps including any modification in the relevant statutes, for the integration of these two Schemes should be taken without any further delay and their completion ensured by a fixed target date. The Committee had further suggested that a Coordination Committee consisting of representatives of both the Organisations should be constituted to keep a watch with regard to progress of the implementation of the merger scheme.

18. In reply, Government have stated that it is proposed to appoint a Special Officer to consider the practical issues and to work out the essentials of an Integrated Scheme. They have added that the question of setting up a Coordination Committee to watch the progress of implementation of the Integrated Scheme will be considered on receipt of the Report of the Special Officer.

19. The Committee are extremely unhappy to observe that no serious attempts have been made in the direction of merger of the two Schemes. With the leisurely manner in which things are moving, the actual merger would appear to remain only a remote possibility. The Committee would urge upon the Government to lay down a target date by which the merger of the two Schemes should be completed after finalising all the required legal and administrative steps.

Pending Replies to Recommendations included in Chapter V

20. I response to Committee's recommendations contained in paras 2.29, 2.64, 3.36, 5.7, 5.14, 5.31, 5.44, 5.54, 5.55, 6.51, 7.126 and 8.19, Government have furnished interim replies. Government propose to set up an ad hoc Committee to consider six recommendations out of the said 12 recommendations. The Committee hope that the proposed ad hoc Committee would be appointed without further delay and final replies in regard to these six as well as other recommendations will be submitted to them expeditiously.

CHAPTER II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 1 para 1.28)

The Committee are glad to observe that the enactment of Employees' State Insurance Act conferring social security benefits on the industrial workers in the country has been a landmark in the history of labour welfare programme undertaken by the popular Government during the post-independence period. While it is true that in a developing country like India, social security problems cannot be accorded the same priority as the fundamental problems of economic development, the Committee would like to emphasise that their priority should be fairly high in economic planning, for it is widely recognised all the world over that development of social security does make a major contribution to increasing productivity. They have no doubt that the scheme embodied in the said Act can form a valuable foundation for building on further social security promotion programme according to national needs and possibilities.

Reply of Government

The Committee's observation has been noted.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Recommendations (Serial No. 4, para 2.26)

The Committee note that except the State of Maharashtra all other State Government nominees on the Corporation are officials. They hope that all State Governments will follow the uniform practice of nominating the head of the Department, mainly concerned with the administration of Employees' State Insurance Scheme in the State, as their representative on the Corporation.

Reply of Government

The recommendation has been forwarded to State Governments for necessary action.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Recommendation (Serial No. 6, para 2.28)

The Committee are happy to note that Government propose to bring forward an amending legislation to enhance the representation of employers and workers on the Corporation as well as the Standing Committee. They have no doubt that a corresponding increase will be made in their representation in the event of any increase in the number of official nominees so as to keep a parity between officials and non-officials.

Reply of Government

Government accept the principle of parity of representation between officials and non-officials on the E.S.I. Corporation and the Standing Committee. The actual number of seats to be allocated between officials and non-official will be worked out at the time of amendment of the Act.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Recommendation (Serial No. 8, para 2.35)

The Committee regret that since the inception of the scheme, the meetings of the Corporation, the Standing Committee and the Medical Benefit Council have not been held as required under the Rules. During the first decade of its life—a formative period which could indeed be devoted to provide initiative, planning and direction for the speedy and efficient implementation of the scheme—the Corporation did not meet at all in 1949 and except in 1955 when it met twice, it held only one meeting during the rest of the years. From 1958 onwards while the Corporation had had its scheduled meetings, the Standing Committee has been able to meet as per schedule only in 1960 and 1968. The record of Medical Benefit Council, which is charged with the important function of advising the Corporation on matters relating to the administration of medical benefit, has been no better. The Committee would like to stress that the minimum number of meetings of these bodies as prescribed must be held regularly.

Reply of Government

The E.S.I. Corporation has noted the recommendation.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Recommendation (Serial No. 9, Para 2.36)

The Committee find that the meetings of the Corporation and the Medical Benefit Council are held in an erratic manner. They suggest that the meetings should be spaced with more or less fixed intervals so as to ensure maximum attendance of members.

Reply of Government

The Employees' State Insurance Corporation has noted the recommendation for compliance.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Recommendation (Serial No. 10, Para 2.50)

The aim of setting up Regional Board and Local Committees, as contemplated in the Act was clearly to keep a constant liaison between the field and the Central authority *i.e.* the Corporation. The Committee are constrained to observe that it is evident that the potentialities of the institution of Regional Boards and of Local Committee have not been exploited. They find that even at places where these bodies have been set up, they do not appear to be functioning effectively. The Committee recommend that their meetings should be held regularly and their suggestions communicated for the consideration of the Standing Committee. Whatever decisions are taken by the Standing Committee should invariably be transmitted to the Regional Board for information. As also suggested by the ESIS Review Committee, a small Sub-Committee may be set up to conduct a preliminary examination of the suggestions made by the Regional Boards before these are placed before the Standing Committee.

Reply of Government

It has been decided by the Standing Committee that the minutes of the meetings of the Regional Boards may be circulated to all the members of the Standing Committee for their information and in case any member desires to discuss any item of the minutes, it can be discussed in the meeting of the Standing Committee. Accordingly the minutes of the Regional Boards are being sent to the members of the Standing Committee by the Regional Directors regularly.

The Regional Directors have also been advised to see that the Local Committee meetings are held at regular intervals and a re-

sume on the working of the Local Committees may be submitted to Standing Committee every six months.

The important decisions of the Standing Committee of the Corporation are also being forwarded to the Regional Boards|Local Committees for their information.

As regards the recommendation of the Estimates Committee that a small Committee may be set up to conduct a preliminary examination of the suggestions made by the Regional Boards before these are placed before the Standing Committee, the Standing Committee has decided that a small cell may be constituted at the Headquarters Office to examine the recommendations of the Regional Boards and any item on which a decision of the Standing Committee is required may be discussed in the meeting of the Standing Committee. The Standing Committee has also desired that the formation of Local Committees in the remaining areas should be expedited and a watch should be kept on timely meetings of the Regional Boards. The feasibility of drawing up a schedule of meetings of the Local Committees once in every three months, say, in January, April, July and October and Regional Boards once in four months is also being examined.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Recommendation (Serial No. 13, Para 3.9)

The Committee learn that except four incumbents all the principal officers appointed so far have been drawn from services outside the Corporation. The committee feel that the Corporation in its life of more than 20 years must have by now built up adequate cadre of its own trained personnel specialised in the respective divisions. The Committee, are, therefore, of the view that Government while appointing Principal Officers should not normally ignore the claims of senior officers of the Corporation who have rendered long and dedicated service in the Organisation, to hold the charge of Principal Officers if they are found otherwise equipped with the required knowledge, ability and experience. This would inculate a sense of belonging to the Organisational in the minds of those who are down below in the management hierarchy.

Reply of Government

The recommendation is accepted. The claims of officers of the Employees' State Insurance Corporation are already being taken

into account while appointments of Principal Officers are made by Government.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Recommendation (Serial No. 15, Para 3.11)

The Committee do not find any justification either for creating post of Deputy Director General or the Financial Adviser as suggested by the ESIS Review Committee. It need hardly be added that the Organisation has already come of age and much of the procedure and practices are now well-settled. Besides, it would mean an additional burden on the already strained finances of the Corporation which are so badly needed for the extension of the Scheme. The Committee have already recommended the creation of a separate post of Principal Officer to hold charge of administrative division with a view to relieve the Director General of his duty of looking after directly the administration of the Corporation and thereby to enable him to discharge his main supervisory and coordinating functions.

Reply of Government

The post of Chief Accounts Officer in the Corporation has already been redesignated as that of Financial Adviser & Chief Accounts Officer. It is, therefore, agreed that there is no need to have another separate post of Financial Adviser in the Corporation.

In pursuance of Recommendation No. 142 of the ESIS Review Committee to the effect that the control of the Administration Division by a senior officer of the status of a Principal Officer is a desideratum which needs to be made up without delay, a post of Director of Administration has already been created in the Corporation in the scale of pay of Rs. 1300-1600-100-1800 to assist the Director General in his executive, supervisory and administrative functions. This post cannot, however, be equated with that of a principal officer under the existing Section 16 of the Employees' State Insurance Act. Attention is, however, invited in this connection to the later recommendation of the Estimates Committee (Para No. 3.12) regarding suitable modification in the statutory provision relating to Principal Officers so that any increase or decrease in their number may not require an amendment in the Act. As suggested there, a simple modification to Section 16 providing for the appointment of the Director General as the Chief Executive Officer of the Corporation assisted by such other officers as the Central Government may, in

consultation with the Corporation consider necessary, would be more elastic and appropriate. It is proposed to amend the Act accordingly in due course.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Recommendation (Serial No. 16, Para 3.12)

The Committee would also like that Government should examine the desirability of suitably modifying the statutory provision relating to the Principal Officers so that in future any increase or decrease in their number which is bound to occur with changed conditions and exigencies, may not require an amendment in the Act. This would ensure flexibility and avoid the lengthy process of amending the Act for the purpose.

Reply of Government

The recommendation of the Estimates Committee is accepted.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Recommendation (Serial No. 17, Para 3.19)

The Committee are unhappy to observe that no systematic attempts were made since the inception of the Employees' State Insurance Corporation in October, 1948 to review the norms and standards for the staffing pattern in an expanding organisation like Employees' State Insurance Corporation. They are all the more unhappy that even after the recommendation of the Employees' State Insurance Scheme Review Committee made to that effect in February, 1966, it took more than two years to set up an O & M Division —a step so essential to keep a constant watch on efficient administration and personnel management. The Committee consider that the increase in staff strength in Headquarters and other offices of the Corporation since its inception has been phenomenal and cannot be justified on any score. They hope that O. & M. study will help not only in realistic assessment of manpower required but also in evolving a suitable staffing pattern on the lines suggested by the Employees' State Insurance Scheme Review Committee. The Committee have no doubt that after completion of the study in hand, a similar

work study will be undertaken and expeditiously completed in respect of the remaining offices and necessary steps taken to effect economy consistent with efficiency of service to the insured workers.

Reply of Government

The above recommendation, which forms part of the main functions of the O & M Division, to carry out work measurement in all the offices of the Corporation as a continuous process of determining staff requirements consistent with workload has been noted. Study of workloads has been completed for the Local Offices; currently the workloads at the Regional Offices of the Corporation are being studied. A substantial part of this study has also been completed. Review of staff requirements in Headquarters and other offices are already planned to be taken up thereafter and completed expeditiously.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Recommendation (Serial No. 19, Para 3.25)

The Committee note that since August, 1959 the work procedures were reviewed in November, 1967 and there-after in Decemeber, 1968. They further note that a detailed review of procedures has also been undertaken. The Committee need hardly emphasize that the administration of social insurance scheme is a complex process involving as it does on the one hand the collection of contributions on which depends the financing of the scheme and on the other hand the task of providing benefits of different kinds to the millions of beneficiaries bulk of whom may not even be knowing how to read or write their own mother tongue. The Committee, therefore, suggest that the detailed review currently in progress should aim at evolving such procedures at various levels, especially in Local Offices which deal with payments of claims, as are capable of resulting in prompt service to the beneficiaries. Such a review should now onwards be a continuous process so that the system may be equipped with modern techniques and methods obtaining in other countries having similar insurance schemes.

Reply of Government

The process of review of work procedures and simplifying processes at all levels while ensuring prompt service to the beneficiaries is the accepted objective and one of the important charges of the O & M Division at the Headquarters. The introduction of Ledger System and gradual switch over to the Teller' System are two

such steps in the direction of introducing modern methods and speeding up claims payments operations. Review of procedures will be a continuous process now that an O. & M. Division has been created.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 20, Para 3.26)

The Committee further suggest that various forms to be filled up by beneficiaries should be printed also in other Indian languages than English|Hindi so as to make them easily understandable.

Reply of Government

Various forms used by the Insured Persons are being printed in the local languages besides English.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 21, Para 3.30)

The Committee regret to note that although the Corporation came into being more than a cople of decades back, no attention was paid till December, 1968 to create facilities for imparting formal training for job knowledge and attitude to the staff, the need and importance of which cannot be overemphasised particularly in a social security organisation like ESIC which have to extend a helping hand to the people belonging to poorest section of the society. Now that a beginning has been made, they hope that the training programme will be carried on regularly and systematically. The Committee also recommend that a suitable curricula be formulated for the different courses of training for different grades of officers. They further recommend that measures should be devised to make a periodcal appraisal and evaluate the results of the training programme.

Reply of Government

The ESIS Review Committee had also made a similar suggestion for the creation of a separate staff training machinery (*vide* Recommendation No. 149). The recommendation which had been accepted by the Corporation was implemented by the setting up of an

integrated O & M and Training Division at Headquarters. The current round of staff training intended for the field officers (Local Office Managers|Insurance Inspetcors) is likely to be completed by April—May 1971. This is intended to be followed by (a) refresher course, (b) separate course possibly for Officers and (c) extension of the training course to lower staff *i.e.* Head Clerks, Assistants and equivalent rank.

Critical evaluation of each course is currently based on the opinion expressed by the trainees themselves on evaluation sheets on which they are asked to express themselves freely. On the basis of the opinions so expressed, suitable modifications in the topics for lectures, contents of lecture notes etc. wherever feasible are made. A separate set of syllabi for departmental examination of new entrants in the cadre of Inspectors|Local Office Managers and Officers of the rank of Assistant Regional Director, Deputy Regional Director and equivalent ranks is also being prescribed. Periodical appraisal, evaluation and review of the training programme would continue to be done as a necessary adjunct of the programme.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 28, Para 3.28)

The Committee feel that with the extension of coverage under the scheme it should have been possible for the Corporation to effect economy in its overhead expenses. Instead, the Committee find that the level of administrative expenditure has gone up three times in 1967-68 as compared to 1960-61. Even after giving due allowance to rise in general price level, cost of equipment and pay and allowances of officers and staff, in their view the steep rise in administrative cost can hardly be justified. They suggest that an integrated plan procedure at all levels, which may *inter alia* include measures such as review of staffing pattern and rationalisation of work processes and austerity in office furnishings and equipments etc., may be drawn up for effecting necessary economy consistent with the efficient execution of the insurance scheme.

Reply of Government

The comparative rise in administrative expenditure in coverage

of employees, collection of revenues and expenditure on benefits is indicated below:—

	1960-61	1967-68	Percentage of Increase.
Administrative expenditure.	1,co,43,343	2,87,17,455	185.9%
Coverage.	16.77 lakhs	33.91 lakhs	102%
Contributions Collected.	8.75 crores	26.08 crores	198%
Expenditure on benefits.	5.97 crores	23.90 crores	3cc%

It will be observed from the above that though the percentage of increase on administrative expenditure was comparatively higher than the percentagee of increase in coverage of employees under the Scheme, the increase in administrative expenditure was less, compared both to the contributions collected and to the expenditure on benefits. The fact that the increase in administrative expenditure is mainly attributable to increase in pay and allowances of Officers and staff is established also by the fact that per thousand insured employees, the number of staff employed in the ESIC in 1960-61 was 2.18 as compared to 1.88 only in 1967-68. This is indicative of the increase in out-put per employee in relative terms. It may be added that the amount of allowances alone paid per employee went up from an average of Rs. 500|- per employee in the year 1960-61 to over Rs. 1600|- in the year 1967-68.

In so far as review of staffing pattern and rationalisation of work processes and procedures are concerned, it may be reiterated that the O&M Division which has been set up at the Headquarters of the Corporation is already reviewing the work loads, staff requirements and procedures etc. on a constant basis.

Austerity in office furnishings and equipment etc. is already observed consistent with the efficient execution of work and any further measures possible in this direction will undoubtedly be taken.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 24, Para 3.49)

The Committee consider that the percentagee of variations in the original and revised budget estimates and revised and actuals under the sub-head such as Dependants' Benefits, Hospital and Dis-

pensaries, Equipments of Hospitals etc. and Buildings for Officers and staff quarters is on the high side. The Committee trust that effective steps will be taken to ensure that the estimates framed are realistic, thus avoiding both budgeting on low as well as on the safe side.

Reply of Government

The recommendation of the Committee has been noted. Efforts shall be made to keep the percentage variations in check with reference to the reasons which lead to such variations.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 25, Para 3.55)

In the opinion of the Committee, the vital problem of raising adequate resources to finance an expanding scheme like the present one need by tackled not on an *ad-hoc* but on a long term basis. With the growing awareness among workers, fortified by the changed concept of social justice, their expectations would naturally be high and the Corporation would have to rise to the occasion to come up to that extent. On medical benefit side alone, even the present standards are not uniform in all the areas where the benefit provisions are in force. This situation itself underlines the need of a long term solution. The Committee would like to suggest that another Committee consisting of a few Members of the Corporation, representatives of the Finance and Labour Ministries and other experts be set up to go into all aspects of the problem including the present as well as future needs of the scheme and suggest suitable ways and means in that regard.

Reply of Government

At its last meeting held on 17-10-70, the Employees' State Insurance Corporation decided to set up a Committee to go into the resources position of the Corporation and to find ways and means to meet the present and the future needs of the Scheme. The Corporation further agreed that the new Committee should also consider the following suggestions made by the Estimates Committee:—

(i) To work out a viable programme for phased extension of the scheme supported by perspective planning in respect of ways and means (Recommendation No. 30)

(ii) Repeal of transitory provisions in the Act (Recommendation No. 32).

(iii) Exemption limit may be raised to Rs. 3/- per day (Recommendation No. 33).

(iv) Government of India should also contribute towards the cost of the Scheme (Recommendation No. 36).

(v) The share of State Governments should be raised to an appropriate level which should in no case be less than what each State is spending normally on the medical care of the general public (Recommendation No. 37).

(vi) Central and State Governments should give financial assistance to the Employees' State Insurance Corporation by way of grants|loans for the construction programme (Recommendation No. 63).

2. It is proposed to set up a Committee accordingly.

[Ministry of Labour, Employment and Rehabilitation (Department of Labour and Employment) O.M. No. 4/8/69-HI, dated 16th November, 1970].

Recommendation (Serial No. 26, Para 3.59)

The Committee are unhappy to note that all the three valuation reports were made available after the lapse of a period of three to five years. Even with regard to valuation for the five years ending on 31st March, 1969, the valuer has been appointed only recently. The Committee trust that such delays would be avoided in future. They suggest that valuation report should be laid on the Table of the House and a provision to that effect made in the Act in due course.

Reply of Government

The recommendation has been noted. Arrangements will be made hereafter to appoint the Valuer expeditiously. He will also be requested to expedite the Valuation.

The question of amendment of the Employees' State Insurance Act, 1948 as suggested by the Committee will be taken up in due course.

[Ministry of Labour, Employment and Rehabilitation (Department of Labour and Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 27, Para 3.62)

The Committee find that for laying the Annual Reports a period of 11 to 28 months has been allowed to elapse after the end of the year to which the Report pertained. The Budget Estimates for the year 1968-69 were laid when four months of the financial year had already expired. Similarly, in case of Audit Report almost a gap of two years from the end of the financial year to which the Annual Accounts relate up to the date of laying, is usually noticed. The Committee urge that steps should be taken to ensure that the Annual Reports of the Corporation are laid on the Table within a period of six months from the close of the financial year. As for Budget Estimates, their preparation and further processing including the approval by the Standing Committee|Corporation and the Central Government should be so programmed that they are available to the House at the time of discussion of demands of the Administrative Ministry. The Audit Report should also be laid on the Table promptly after their receipt from the Comptroller and Auditor General. The Committee need hardly emphasise that observance of the principle of accountability to Parliament is judged by the timely laying of these documents so that the activities of the Corporation are taken stock of in proper time and appropriate action taken to set right defects, if any.

Reply of Government

Rule 40 of the Employees' State Insurance (Central) Rule, 1950 provides that Annual Report on the work and activities of the Corporation is to be considered by the Standing Committee and shall be placed for adoption before the meeting of the Corporation to be held before 15th of October following the close of the financial year. Necessary data for the Annual Report has to be collected from different Regions and State Governments and they are to be tabulated before giving them for printing. It would be difficult to place the Annual Report before the Standing Committee or the Corporation in 6 months from the close of the financial year. It would be still more difficult to place the Annual Report on the Table of the Parliament within 6 months after getting the approval of the Standing Committee|Corporation. However, efforts will be made to place the Annual Report before the Standing Committee or the Corporation within this period.

2. So far as the Budget Estimates and the Audit Reports are concerned, the Government agree that the Budget Estimates should be made available to the House at the time of discussion of demands

of the Labour Ministry and that the Audit Reports should be laid promptly before Parliament after their receipt from the C.A.G.

[Ministry of Labour, Employment and Rehabilitation (Department of Labour and Employment) O.M. No. 4/8/69-HI, dated 16th November, 1970].

Recommendation (Serial No. 28, Para 3.67)

The Committee are surprised to note that while some of the plots for administrative buildings had been acquired as back as September, 1962 and July, December, 1963, it has not been possible for the Corporation to construct buildings thereon so far. The leisurely manner in which things have been allowed to move, as is quite evident from the information furnished by the Regional Director Calcutta, is indeed regrettable. The position has drifted to the extent that on the one hand the Corporation has now no resources to finance the construction programme and on the other plots lying idle are attracting unauthorised constructions, thus inviting prolonged litigation. The continued failure to have its own buildings is bound to create administrative problems besides avoidable expenditure on rent. The Committee are convinced that had there proposals been pursued in right earnest from the beginning and a phased programme in order of *inter se* urgency drawn up, the Corporation would have been saved from this dilemma. The Committee suggest that a phased programme for construction may now be drawn up keeping in view the proposed merger of ESI and EPF Schemes, the resources position and the need to effect economy.

Reply of Government

The observations made by the Committee have been noted. The construction programme about the office buildings and staff quarters has been reviewed in the light of resources available and it is proposed to get the priorities drawn up by placing the matter before the Standing Committee.

It has been decided to merge the ESI and the EPF Schemes, but it will take some time before the resources position of the Employees' State Insurance Scheme is finally known. The programme would if finalised by then, will be reviewed as considered necessary.

[Ministry of Labour, Employment and Rehabilitation (Department of Labour and Employment) O.M. No. 4/8/69-HI, dated 16th November, 1970].

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Recommendation (Serial No. 29, Para 4.13)

The Committee are distressed to note that the progress of implementation of the scheme during all these years has been extremely halting. Not only the original schedule as envisaged in the First Plan was not adhered to, there have also been shortfalls even in the revised modest targets fixed for the three Plan periods. The Committee are convinced that had the Corporation as a Central authority consisting of representatives of all interests including the State Governments, played its proper role in taking timely initiative, effective planning and periodical appraisal of performance, the State Governments preparedness to implement the scheme would have been forthcoming and the results would have been much better. The Committee wonder if the State Governments were really in such helpless position with regard to financial or other resources as have been made out to be. It is also surprising that Government of India at their own level did not make any efforts to see that the State Governments evinced more interest in the implementation of the Scheme and co-operated with the Corporation in right earnest.

Reply of Government

Provision of medical care under the Employees' State Insurance Scheme is the statutory responsibility of State Governments. Cash benefits are administered by the Employees' State Insurance Corporation. Extension of the Scheme to new areas depends on completion of arrangements for provision of medical care by the State Governments and disbursement of cash benefits by the Employees' State Insurance Corporation. Till recently, the Scheme has been generally extended to new areas as soon as arrangements for provision of medical care and disbursement of cash benefits were completed. However, the Corporation has been facing financial difficulties during the last few years. It has, therefore, taken certain decisions to control the expenditure on the Scheme, including the imposition of a ceiling of Rs. 50 per employee per annum on the cost of medical benefit which is shared between the Employees' State Insurance Corporation and the State Governments. This ceiling has come into force from 1st April, 1970. Proposals for extension of the Scheme are now being examined in the light of this ceiling and they are cleared by Central Government if they do not involve any drain on the resources of the Corporation and subject to the condition that the cost of medical benefit will be kept within the aforesaid ceiling.

2. It may be added that the State Governments are periodically asked by the Corporation to prepare a phased programme for implementation of the Scheme in different centres and as and when a particular State Government is ready depending upon the availability of medical and para-medical staff, etc. to extend the Scheme to a new centre, the Corporation readily agrees and all possible steps are taken by the Corporation to extend the Scheme to that centre as early as possible. The observations of the Estimates Committee have, however, been noted by the Employees' State Insurance Corporation and they are also being brought by the Corporation to the notice of the various State Governments.

3. So far as the Government of India are concerned, there is no objection to the extension of the Scheme to new areas provided necessary arrangements for provision of medical care and disbursement of cash benefits are made by the State Government concerned and the Employees' State Insurance Corporation respectively and the overall cost involved can be met from within the income of the Corporation and the cost of medical benefit is kept within the prescribed ceiling. It is necessary to ensure that adequate resources are available to meet the cost of operation of the Scheme in the existing areas in which it has been implemented and also to meet the cost of implementation in the new areas and on coverage of new categories of workers. As suggested separately by the Estimates Committee, it is proposed to set up a Committee which will look into the financial needs of the Scheme on a long term basis and also prepare a programme for extension of the Scheme to new areas, etc. supported by adequate ways and means. The Government of India will take up the question of extension of the Scheme to new areas and to new categories of workers after the Committee proposed to be set up has prepared a phased programme for this purpose.

[Ministry of Labour, Employment and Rehabilitation (Department of Labour and Employment) O.M. No. 4/8/69-HI, dated 16th November, 1970].

Recommendation (Serial No. 30, Para 4.29)

The Committee find that although the policy decision to extend the medical benefit to families of insured persons was taken by the Corporation as early as 1955, it was actually implemented from 1958 onwards. Up till now only a small percentage of the total family units is eligible for hospitalisation facilities, the rest being either entitled merely to restricted or expanded medical care. The Committee also find that the only target to be achieved by the end of Fourth

Plan Period is to extend the scheme to such areas with an insurable population of 500 and above, as could not be covered so far. The extension of the scheme to new sectors is not contemplated at all. Moreover it would complicate matters further both financially as well as administratively as soon as the wage ceiling for coverage is raised from Rs. 500 to Rs. 1,000 which has already been agreed to by the Corporation. Similarly the possibility of raising even progressively the standard of medical care to families is remote or rather nil in view of the recently decided expenditure ceiling of Rs. 50 per family unit. All this is indicative of lack of planning as well as absence of a sense of urgency which the problems of social security for weaker section of society deserve. The Committee strongly recommend that a small Committee consisting of the members of the Corporation and other experts, as earlier suggested in para 3.55 above should go into all aspects of present and future plans of the Corporation and make a study to work out a time-bound viable programme for phased extension as well as perspective planning in respect of ways and means to support the extension programme already accepted in principle by the Corporation.

Reply of Government

Please see the reply to Recommendation No. 25.

[Ministry of Labour, Employment and Rehabilitation (Department of Labour and Employment) O.M. No. 4/8/69-HI, dated 16th November, 1970].

Recommendation (Serial No. 31, Para 4.39)

The Committee are in General agreement with the recommendations made by the ESIS Review Committee in regard to tightening up of the statutory provisions and the procedure relating to the grant of exemption from the scheme. The Commitee would further recommend that all cases of exemptions after having been processed by the machinery as suggested by the Review Committee should be carefully considered by the Corporation|Government.

Reply of Government

The main recommendation of ESIS Review Committee was that the provisions in the Act for grant of exemption should be tightened and exemption may be given only in exceptional circumstances when the prevailing benefits are superior on an overall assessment to those that could be provided under the Scheme, and the employees themselves desire exemption. No distinction should be made between

private sector and public sector in the grant of exemption. This main recommendation has been fully accepted and implemented by the Corporation and the Central Government.

2. Incidentally the ESIS Review Committee had suggested that all cases where exemption from the Scheme is applied for should be carefully screened by a suitable machinery to ascertain the overall superiority of the prevailing benefits. The representatives of the labour organisations should be associated with the screening process.

3. It has not been found necessary to utilise the machinery suggested by ESIS Review Committee in view of the fact that the willingness of the employees of the factory of the grant of exemption under section 87 and 88 of Employees' State Insurance Act is already sought to be ascertained by means of a display on the notice board by the employer of a notice togther with copy of application for exemption giving notice to the employees to send their objections if any to the grant of exemption to the concerned Regional Director. However, it has also been decided that where there is a difference of opinion between ESIC authorities and others (namely management, workers or their union etc.) regarding eligibility of a factory or any employees for exemption, the matter may be placed before the Regional Board, which is a tripartite body for their views. The Appropriate Government will take the decision on the question of exemption after taking into account the views of the Regional Board.

[Ministry of Labour, Employment and Rehabilitation (Department of Labour and Employment) O.M. No. 4/8/69-HI, dated 16th November, 1970].

Recommendation (Serial No. 34, Para 5.30)

The Committee note that out of the total contributions for the period from 24th February, 1952 to 31st March, 1969, the total arrears are only Rs. 604 lakhs. They, however, feel concerned to find an extremely low percentage of recovery of both the Employees' contribution as well as Employers' Special Contribution within the prescribed time-limits. This tendency to avoid payment within the prescribed time-limit has in effect extended further the grace period by three to nine months for payment of contributions. The Committee would like that ways and means should be devised to ensure the recovery to a maximum extent within the prescribed time-limit itself. In their view there appears to be no reason as to why the Employees' Contribution which is deducted at source from the wages, should not be received within the prescribed limit. The Committee

recommends that besides amending the Act to make the penal provision more stiff as suggested by the Review Committee, the desirability of enhancing the rate of interest provided in Regulation 31-A may be examined. Suitable procedure may also be evolved to reduce the period taken to finalise the list of defaulters so that legal action could be initiated without any undue delay.

Reply of Government

The Regulation 31-A of the Employees' State Insurance (General) Regulations, 1950 provides for levy of Interest at the rate of 6 per cent per annum in case of default or delay in payment of contributions by the employers which is the maximum permissible under Section 97(2)(iii-a). However, a proposal for amendment of this Section to enable the Corporation to levy damages and to specify their rates from time to time is under consideration. The proposed amendment seeks to substitute clause (iii-a) of Sub-section (2) of Section 97 of the Act as under:—

"(iii-a) the levy of damages and rates thereof on contributions due but not paid".

There are already standing instructions to the Regional Directors for timely preparation of the Defaulters lists and taking of legal action for recovery of arrear contributions. However, instructions have once again been issued by the Director General, Employees' State Insurance Corporation, to all the Regional Directors advising them to avoid all delays in the legal action which should be taken strictly in accordance with the instructions on the subject.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69-HI dated 16th November, 1970.]

Recommendation (Serial No. 39, Para 5.69)

The Committee regret to find that the question of determining the excess incidence of Sickness Benefit in different States, in pursuance of the clear statutory provision to that effect, received the attention of the Corporation only after having been reminded of the same by the Audit. In their opinion there appears to be hardly any justification for waiving the amount found to be due from the concerned State Governments on this account, especially in view of the unambiguous provision of the Act and the agreements arrived at between the Corporation and the State Governments. The Act does not require that the benefits under the Scheme should accrue to the last person before the All India Average can be computed. The

Committee hope that the amount would be recovered from the concerned States without any further delay or in the alternative recourse would be had to adjust the same against the Corporation's liability on account of medical care as stipulated in Clause 21 of the Deed of Agreement between the States and the Corporation.

Reply of Government

Book adjustment of the excess incidence of sickness benefit due upto 1968-69 from all the State Governments under Section 58(2) of the Act has already been made in the account of the Corporation for the year 1969-70. The entire amount of Rs. 19,71,353|- (including the fresh demands for the year 1968-69 made from the State Governments of Kerala and Madhya Pradesh) has been adjusted against the Corporation's liability on account of medical care.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Recommendation (Serial No. 42, Para 6.28)

The Committee note the various steps taken so far with a view to simplify the procedure in regard to disposal of benefit claims. They have no doubt that the teller system and the ledger system would be introduced in all the Local Offices in accordance with a phased programme.

Reply of Government

The introduction of ledger system is in progress according to a phased programme drawn up by the Regional Directors. Whenever necessary, the attention of the Regional Directors is also drawn from time to time to accelerate the pace of introduction. The Ledger System is already in operation in 205 Local Offices out of 285 Local Offices in the country.

So far as the 'teller' system is concerned, it is still in an experimental stage and the intention is to introduce it only in 45 Local Offices in the country at this experimental stage. Depending upon the success of the limited experiment, decision in regard to its further extension will be taken. The system is already functioning in 11 Local Offices out of 45 selected for the experiment.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Recommendation (Serial No. 43, Para 6.29)

The Committee also note that a separate project of form analysis and simplification of registers etc. has been taken up. They suggest that a target date should be fixed for completion of the project and changes considered necessary brought about expeditiously. The Committee further suggest that the procedure should be kept under constant review so as to ensure speed and efficincy in payments. In this connection, the Committee would like that a periodical return showing number of claims pending for more than one month, two months and three months and above should be submitted by the Local Offices to the respective Regional Offices and a brief monthly report should be submitted by each Regional Office to the Headquarters.

Reply of Government

The project of form analysis and simplification of registers etc. has already progressed substantially and is expected to be completed shortly. The procedures are being constantly reviewed as a result of O&M Studies and otherwise so as to ensure speed and efficiency wherever possible.

In regard to the recommendation relating to a periodical return being submitted by the Local Offices to their Regional Offices in respect of claims pending for more than one month, two months and three months and above with a further report thereon by each Regional Office to the Headquarters, it may be added that sub-Regulation (3) of Regulation 52 already provides that where benefit is not paid within the time limit specified in sub-Regulation (1) and (2) of the said Regulation, it shall be reported to the appropriate Regional Offices to ensure proper compliance by the Local Offices with the said sub-Regulation and Regional Office will also be required to submit consolidated returns to the Headquarters.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Recommendation (Serial No. 44, Para 6.42)

The Committee need hardly stress that the tendency of malingering by workers is most undesirable from all angles. By putting an undue financial burden on the Corporation, it diminishes its viability and thereby affects its long-term planning to provide additional benefits to workers community. Obviously, it cuts at the very roots of the principle of social insurance. Again by increasing absenteeism in industry, the production suffers giving serious set back to the

developing economy of the country. The Commiteee would, therefore, like that as soon as the Special Survey already undertaken on an all India basis is completed, the data should be processed expeditiously with a view to review the present measures and evolve foolproof checks to eliminate this evil. Besides, legal and administrative measures, appropriate means should be devised to educate the workers in this regard by enlisting the co-operation of trade unions.

Reply of Government

A special study of the impact of strikes|lock-outs on the funds of the Employees' State Insurance Corporation for the month of December, 1969 has been carried out. The field data from the various regions all over India has been received and processed and conclusions drawn. A paper in this connection has also been finalised. The feasibility of making legislative amendments and of further tightening up the administrative control measures is being considered in the light of conclusions.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

.. **Comments of the Committee**

Suitable measures to educate the workers in this regard by enlisting the cooperation of trade unions may also be taken.

Recommendation (Serial No. 45, Para 6.46)

The Committee are inclined to agree with the views expressed by the Review Committee and the National Commission on Labour in regard to the statutory provision for a waiting period of two days for the drawal of sickness benefit and feel that the existing provision may continue unchanged.

Reply of Government

The observation has been noted.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Recommendation (Serial No. 47, Para 7.4)

The Committee need hardly stress that the medical benefit is the king-pin of the Employees' State Insurance Scheme and that the success of the Scheme is judged by the scale and standard of the

medical care made available to the insured persons and their families. The Committee hope that sustained efforts would be made to accelerate the growth of the Scheme of Health Insurance so as to develop it in the course of time into a universal health scheme for the whole country on the model of National Health Scheme in the United Kingdom.

Reply of Government

The recommendation has been noted.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Recommendation (Serial No. 48, Para 7.18)

The Committee note the view held preponderantly that the service system provides more satisfactory care to workers than the panel system. The former system is also more amenable to control and discipline. While appreciating that due to general shortage of qualified medical and para-medical personnel in the country, it may not be possible immediately to bring major centres like Calcutta and Greater Bombay under the Service System, the Committee suggest that suitable steps should be taken to gradually switch over to the service system in these areas. Meanwhile, the Committee trust, serious efforts by way of careful selection and constant supervision would be made to remove the deficiencies of the panel system so as to make it effective apparatus of service to workers.

Reply of Government

The recommendation is being conveyed to the State Governments concerned including Maharashtra and West Bengal for compliance.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Comments of the Committee

Steps taken by the concerned State Governments may be intimated to the Committee.

Recommendation (Serial No. 49, Para 7.79)

The Committee hope that one-man Committee set up to go into the grievances of the panel doctors in regard to capitation fee etc. would soon finalise their recommendations and necessary action thereon would be taken expeditiously by the Corporation|Government.

Reply of Government

Report of the One-Man Committee has been received and considered by the Standing Committee and the Employees' State Insurance Corporation. At its last meeting held on 17-10-1970, the members of the Corporation unanimously agreed to leave the matter to be finally decided by the Chairman of the Corporation. Further action will be taken accordingly.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Comments of the Committee

The Committee may be apprised of the decision taken in the matter.

Recommendation (Serial No. 50, Para 7.23)

The Committee feel that there should hardly be any objection to recognise the dispensaries initially set up by the employers for utilisation under the Scheme provided they satisfy broadly the conditions laid down in that regard. This would supplement the efforts of the Corporation and also be helpful in overcoming incidental problems such as building etc.

Reply of Government

The recommendation of the Committee has been the accepted policy of the Corporation. There has been no occasion where the Corporation has rejected any proposal from the State Governments in regard to the utilisation of the Employers' Medical Facilities satisfying broad-conditions laid down in this regard. However, the State Governments are being re-advised to keep this aspect in view while suggesting medical arrangements for centres.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 51, Para 7.28)

The Committee are not convinced by the reasoning advanced by the Corporation against the setting up of dispensaries to provide treatment through indigenous systems of medicine that such a step could only be in addition to the existing facilities and hence would

result in increase in the expenditure on medical care. They also do not share the Corporation's apprehension that in case any initiative is taken *suo moto* by reducing expenditure on allopathic side. It may invite criticism from the interests concerned. The Committee recommend that steps be taken to set up one-doctor units of Ayurvedic and Homoeopathic system, to begin with, in such Allopathic dispensaries as are situated in heavily concentrated areas, after ascertaining the views of beneficiaries through local workers' organisations and local Committees; if any. If the experience in the course of time finds favour from the beneficiaries the facility may be extended to other areas also. The Committee feel that treatment through these systems would not only prove to be effective but being cheaper would also curtail the total budget on medical care. In their opinion, the importance of evolving a low cost effective medical system for a country like India having limited resources and a vast population; need hardly be exaggerated.

Reply of Government

The recommendation of the Estimates Committee is being communicated to the State Governments to ascertain the views of the beneficiaries through Local Workers' Organisations and Local Committees for providing treatment through indigenous system of medicines.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Comments of the Committee

The Committee may be informed of the actual steps taken by the State Governments and results achieved.

Recommendation (Serial No. 52, Para 7.39)

The Committee are surprised at the attitude of complacency reflected in the reply furnished to the Committee about the complaints of workers in regard to non-availability of medicines, shortage of doctors and their attitude of indifference, ambulance service, etc. The Committee note that the number of doctors in position has all along been less than the sanctioned strength during the last three years 1966-67, 1967-68 and 1968-69, as is evident from the number of vacancies which was 202, 245 and 397 respectively. In respect of some of the States there is marked difference in the sanctioned and actual strength of doctors. Similarly, the number of ambulances is *prima facie* inadequate to cater to the needs of the

insured persons. The Committee would like to suggest that suitable measures should be devised by the Corporation|Government to help safeguard the quality of service provided to beneficiaries under the Scheme. Besides the administrative surveillance and review of different component parts of the system, the feasibility of collecting statistics on selective basis regarding the results of the medical care in terms of recovery of patients may also be examined. Such evaluation may be helpful in taking the corrective measure wherever necessary.

Reply of Government

The Corporation earlier had fixed a yardstick for provision of staff for E.S.I. Dispensaries. This yardstick was fixed in the initial stages and was mainly based on the number of employees' units. However, in practice it has been found that actual work-load varies from place to place and to meet the needs of the insured workers, it was necessary that the yardstick of staff should be in proportion to the actual workload. With this view, a proforma was sent to various State Governments to supply statistics on the staff in the light of the actual work-load. The information from most of the States has been received. The Medical Benefit Council appointed a Sub-Committee to study the statistics from various institutions in the light of the work-load and submit its recommendations for revision of the yardstick to the Medical Benefit Council. The Report of the Sub-Committee was placed before the Medical Benefit Council at its last meeting held in June, 1970. The yardstick is being finalised in the light of the observations made by the Medical Benefit Council.

2. It is a fact that in many places, the staff was not posted according to the sanctioned posts. This was due to the reason that in some places, the State Government did not find enough work for the sanctioned number of staff while in other places, the staff could not be appointed for want of technically trained personnel. However, wherever actual deficiency has been found, the same is being taken up with the State Government and efforts are being made to appoint full consignment of staff required for the work.

3. As regards the drugs supplied under the Scheme the Medical Benefit Council has appointed a Pharmacopoeia Sub-Committee which has worked out a comprehensive pharmacopoeia to be followed by various States. The copies of the same have been printed and circulated to all the States and ESI Institutions. This pharmacopoeia will be reviewed periodically by the Sub-Committee. In order to safeguard the quality and uniformity of the drugs

throughout the country, the Corporation have entered into rate contract for about 140 important items and the same have been communicated to the State Governments. It is hoped that this will facilitate procurement of drugs and supply to the insured workers.

4. As regards ambulances, the Corporation have fixed up a yardstick of one ambulance for 40,000 beneficiaries. However, in practice, it has been found that in sparsely populated areas this yardstick does not serve the interests of the insured workers. Every proposal for ambulance from State Governments is therefore, being examined by the Corporation on the merits of the case and wherever justified, the ambulances are sanctioned. It is also felt that ambulances cannot be provided at all centres at the sole cost of ESI Scheme due to the cost involved. The State Governments have, therefore, been advised to enter into contract with voluntary agencies like Municipal Corporations, Indian Red Cross Societies, St. John Ambulances and others for securing ambulances in areas where the concentration of workers is not heavy in case of emergencies or in places where the ESI ambulance is out of commission. This would greatly facilitate the availability of ambulance to the insured workers in case of emergencies in all areas.

5. The Corporation welcomes the suggestion of the Committee of collecting statistics on selective basis regarding the results of the medical care in terms of the recovery of patients. On the advise of Dr. Bordia, TB Advisor to the Government of India, a special register for treatment of T.B. patients has been prescribed and all the State Governments have been asked to maintain the statistics. This will give indication regarding the recovery cases as well as the number of new cases found in any locality. This experiment, if successful, will be extended further on selective basis.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 53, Para 7.40)

The Committee are glad that a Sub-Committee of the Medical Benefit Council has been set up for the revision of the pharmacopoeia and they trust that the pharmacopoeia would be periodically reviewed to keep it up-to-date.

Reply of Government

The recommendation of the Estimates Committee has been noted and efforts would be made to keep the pharmacopoeia up-to-date.

The Medical Benefit Council has appointed a permanent Sub-Committee for this purpose.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 54 Para 7.45)

The Committee are suprised to find that some of the States do not have specialists' facility even in regard to common branches such as Medicine, Surgery, T.B., E.N.T. Skin, etc. Workers in States, like Gujarat, Maharashtra and Uttar Pradesh, which have large centres also are not provided with specialists' facility for orthopaedic treatment. The Committee suggest that all possible steps should be taken to remove this lacuna and the Corporation should take particular care in ensuring that the concerned State Governments act in the matter swifty

Reply of Government

The suggestion of the Committee has been taken note of. The Corporation will ask the State Governments to take all possible steps in regard to the provision of the specialist services to the beneficiaries.

It has, however, to be pointed out that the Corporation has already circulated the prescribed yardstick, for provision of specialists, for insured persons and their families, to the State Governments, which is based on the concentration of the workers. The yardstick provides for a concentration of 10,000 employees, specialists in five major specialities *viz.* Medical, Surgery, Obstetics and Gynaecology, Tubereulosis and Pediatries E.N.T., Eye, Skin are considered to be minor specialities. Orthopaedic is considered to be a part of surgery and a separate specialist is only provided if the concentration of workers is high. M.G.M. Hospital in Bombay has been provided with a full time orthopaedic Surgeon and Gujarat has 2 part-time orthopaedic surgeons. The Governments of Rajasthan, Assam and Uttar Pradesh have not, however, been able to utilise the services of the specialists in different branches of medicines due to their non-availability.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Emloyment) O.M. No. 4/8/69-HI dated 16th November, 1970.].

Recommendation (Serial No. 55, Para 7.51)

The Committee are unhappy to note that agreements with some of the States were entered into after expiry of a long period the date of extension of Scheme in these States. They hope that agreements with the remaining States would be finalised expeditiously.

Reply of Government

On the part of the Corporation, efforts are being made to expedite finalisation of the agreement with the State Governments under Section 58 of the E.S.I. Act. After the report of the Estimates Committee, agreement with the Pondicherry Administration has been finalised. It is expected that the other three States *viz.* Gujarat, Maharashtra and U.P. would also come round and execute the necessary agreement.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Emloyment)O.M. No. 4/8/69-HI dated 16th November, 1970.].

Comments of the Committee

Agreements with the remaining three States may be finalised soon and the Committee may be informed.

Recommendation (Serial No. 57, Para 7.66)

The Committee regret that the General Purposes Sub-Committee which was intended to serve as an effective instrument of supervision over the administration of medical benefit in States has been allowed to become practically defunct after 1966. The Committee are of the opinion that the periodical visits of the Principal Officers of the Corporation to inspect and review the medical facilities available under the scheme in the States are no substitute to the visits of the General Purposes Sub-Committee of the Corporation. They feel that on the spot observations of the medical institutions by the Sub-Committee would, besides gearing up the local administration and providing a psychological satisfaction to the beneficiaries about Corporation's vigilance of its responsibilities, enable the members of the Corporation to have a first hand information of the administration of medical benefit which in turn would undoubtedly help the Corporation in taking appropriate remedial measures from time to time. The Committee trust that the Sub-Committee would undertake visits to the States regularly and their reports considered by the Standing Committee/Corporation for taking appropriate action on them. Care should, however, be taken to plan these visits in such

a manner that there is no overlapping between these and the periodical inspections to be carried out by the Director General and the Technical Teams of the Medical Commissioner or the Deputy Medical Commissioners.

Reply of Government

Working of the General Purposes Sub-Committee has already been activised. Between 2nd and 6th April, 1970 the General Purposes Sub-Committee visited the State of Haryana and from 16th to 22nd April, 1970, the Committee visited the State of Gujarat. The report of the General Purposes Sub-Committee is under preparation and will be put up to the Standing Committee and the Corporation. The recommendations of the Committee have been noted.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69-HI dated 16th November, 1970.]

Recommendation (Serial No. 58, Para 7.67)

The Committee also reiterate the recommendation made by the ESIS Review Committee with regard to strengthening of medical inspection staff to assist the Administrative Medical Officers in States. They hope that this would be done without any delay.

Reply of Government

The recommendation is noted and the State Governments will be requested to strengthen the medical inspection staff in various States to assist the Administrative Medical Officer.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Comments of the Committee

Steps taken by State Governments in this regard may be intimated for the information of the Committee.

Recommendation (Serial No. 59, Para 7.83)

The Committee are surprised to note the wide disparity ranging from Rs. 27 to Rs. 73 in the *per capita* expenditure incurred on the provision of medical benefit in different States. It is all the more surprising that no tangible efforts had been made by the Corporation all these years to control the expenditure to secure economy

and uniformity in service under the Scheme. It was only in October, 1968 that Corporation asked the States to carry out a review of the staffing position in State Insurance Dispensaries. Although bulk of the States have yet to finalise such a review, the results of the review in respect of the States of Mysore and Andhra Pradesh are indeed revealing. Similarly, as also admitted by the Director General, the Corporation's approval to the budget estimates of States has been absolutely formal involving no scrutiny at all. Again, in the matter of supply of drugs, stores and equipments, no initiative was taken till recently to streamline and centralise to the extent possible the system of their purchase. The Committee need hardly emphasise that in a developing country like India it is imperative that not only the available resources should be more systematically and economically allocated but also the extravagance of no kind should be tolerated. With that end in view, the Committee recommend that the Corporation should introduce suitable systems to ensure a thorough budget scrutiny as also control over the expenditure incurred on the provision of medical benefit in the States. The Committee feel that besides economy and efficiency, this would bring about uniform pattern in the matter of provision of medical benefit under the scheme all over the country. The Committee have no doubt that the staffing review in the State Insurance Dispensaries and also the current study of the system of purchase of medicines directly from the manufacturers would be completed expeditiously. In this connection they would like to commend the system of direct procurement of stores and equipments for medical institutions along with the drugs to form a centralised pool under the control of the Corporation and for onward supply to States, if it is found practicable and economical.

Reply of Government

The Corporation share the anxiety expressed by the Committee on having uniformity of medical services in the States and economy in the expenditure on medical care. There is no doubt that there is wide disparity in the *per capita* cost in different States as observed by the Committee. It, however, needs to be elucidated that the *per capita* cost in a State depends upon the type of medical care being provided to the beneficiaries under the Scheme. In Andhra Pradesh which heads the *per capita* cost the families of the insured persons are being provided full medical including hospitalisation while Uttar Pradesh where the *per capita* cost is the lowest has not been able to provide specialists services (extended medical care) to the beneficiaries except in one Centre *i.e.* Kanpur. The Corporation is now taking all possible steps to remove this wide variation

in the type and standard of medical benefit by approaching the concerned States.

All along efforts have been made to streamline and establish efficient uniform standard of medical services in all the States. With this in view, the Medical Benefit Council had appointed a Hospital Norms Committee, the report of which has already been adopted by the Corporation for guidance and as a ready reference material for the various States.

List of equipment required for various dispensaries and hospitals also has been worked out in the Hospital Norms Committee Report.

The yardstick of staff for various ESI institutions which has been fixed earlier is being reviewed by the Medical Benefit Council.

A Pharmacopoeia for the Drugs to be used in the ESI institutions had been prepared and circulated to various States for strict adherence. In addition the ESI Corporation has entered into Central rate contract for about 140 common drugs, being used by the various States, and the same has been communicated to the States for use.

Since the provision of the medical benefit is the sole responsibility of the States, it is not considered convenient as well as economical to have centralised pool of stores for supply of the same to the various States. However, each State is encouraged to maintain their own medical stores and to procure and distribute the medicines and equipments to the various institutions as and when required.

Recently, the Corporation has worked a uniform pattern, giving the details of expenditure on medical benefit under 5 major heads and the same has been circulated to the States for supplying their budget proposals and estimates under these heads. They are being scrutinised in the Corporation and wherever the expenses under any item appear high, the same is being brought to the notice of the State Government. The quarterly statements of a expenditure on medical care are called from the State Governments and are scrutinised. Any abnormal rise under any head is brought to the notice of the State Government for remedial measures to cut down the expenditure. Lastly, the Corporation has prescribed a ceiling of Rs. 50 per employee to be followed for providing medical benefits in various States.

The Corporation has reminded the State Governments to complete the review of staffing pattern of the ESI institutions. It is hoped that by various measures narrated above, the standard of medical care under the scheme in all the States will be made uniform and economy in cost effected.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69-HI dated 16th November, 1970.]

Recommendation (Serial No. 60, Para 7.89)

The Committee are inclined to agree to the view that the administration of medical benefit should normally be left to the State Governments and the Corporation should concern itself with laying down broad guidelines to be followed by the States and exercising an effective control by various systems both on the quality as well as cost of the medical benefit. At the same time, they feel that if situation in any State so demands the Corporation should not be oblivious of its responsibilities as insurance carrier to take over the administration for providing better and efficient service to the beneficiaries under the Scheme.

Reply of Government

The recommendation of the Estimates Committee has been noted and taking over of the responsibilities of running the medical care in any State would be examined in the context of the circumstances prevailing in that State and the experience which the Corporation would have gained of running the medical care in Delhi, directly at that particular time.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69-HI dated 16th November, 1970.]

Recommendation (Serial No. 61, Para 7.99)

The Committee note the steps taken by the Corporation to improve the standard of medical care in Delhi. They need hardly stress that after having assumed direct responsibility of administering medical care in the Capital, the Corporation should keep a constant vigil to ensure that highest standards both in efficiency as well as economy are set up to be emulated by the State Governments.

Reply of Government

The recommendation of the Committee is noted.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69-HI dated 16th November, 1970.].

Recommendation (Serial No. 62, Para 7.125)

The Committee regret that in the matter of provision of beds which is so vitally linked up with the future programme of extension of the Scheme, the Corporation practically left the entire initiative in regard to assessment of requirements, planning and construction to the respective State Governments which for obvious reasons cannot be expected to have overall picture of the Corporation's obligation to secure parity in all the States on a rational basis and also a long term view of its financial resources to maintain a sustained progress of the construction programme. Curiously the Corporation first in December, 1963 decided the yardstick of 11 beds per 1000 family units and after allowing freedom of construction to States as they chose for a period of full five years decided in December, 1968 to reduce the yardstick to 4 beds per 1000 family units. This free policy and over-ambitious yardstick has naturally resulted on the one hand in a glaring deficiency of beds even according to revised yardstick in some of the States and on the other in resentment among the States which have been found to possess beds in excess of the revised yardstick and asked to defer the construction on the projects sanctioned earlier. Besides regional imbalance hospitals have been constructed at various places with a bed-capacity much in excess of the actual requirements of the population there. The Committee note that in its overenthusiasm to construct hospital beds, the Corporation has paid little attention to the construction of its primary units *i.e.* dispensaries and consequently these have to be located in rented buildings which, besides inviting heavy liability on account of rent, do not have adequate and congenial accommodation. The Committee further note that the Corporation has exercised virtually no control over the cost and progress of construction programme. In fact the idea of having such a control and creating a separate Engineering Unit at the Headquarter occurred to the Corporation as late as 1968. But unfortunately by that time there did not remain much work for the unit as the construction programme had to be curtailed heavily due to financial difficulties. The Committee are constrained to observe that there has not only been lack of planning and supervision but also lack of proper imagination. It is regretable that even the Governmeent of India which is empowered under the Statute to exercise financial control did not afford any concrete guidance in the

matter to the Corporation. They, however, note in this connection the related efforts made recently by the Corporation Sub-Committee which has laid down broad guidelines in regard to future construction programme. While generally endorsing the Sub-Committee's conclusions, the Committee would like to suggest that the Corporation should assess the requirements both in respect of hospital beds and dispensaries in each State and on that basis formulate a plan assigning *inter se* priorities with a view to remove regional disparities. Suitable machinery should be devised to effect economy and keep a constant watch on the cost as well as the timely completion of the projects. The feasibility of entrusting the construction work to an agency other than the normal Governmental agency of Public Works Department which involve delay should also be examined.

Reply of Government

The observations of the Committee have been noted.

In regard to the assessment of requirements of beds and dispensaries, it may be stated that this matter was looked into by the 1st Sub-Committee set up for reviewing the financial position of the Corporation at its meeting held on 17-2-1968, sometimes in the middle of June, 1968 and the recommendations made then about the provision of a sum of Rs. 4.50 crores for removing the imbalance to a certain extent, are being implemented.

It is felt that till the financial position improves considerably and permits further and fresh proposals to be considered, the matter about the review etc., may be deferred. Thereafter a complete review, both with regard to the hospital beds as well as the dispensary buildings, may be undertaken and as suggested by the Committee a phased programme depending upon the resources position, drawn up, so as to meet the requirements and remove the imbalance, as far as possible.

Further in order to effect economy in the construction cost, prototype plans for the various sized hospitals are being prepared alongwith the guidelines for the ceiling costs etc.

So far as the timely completion of the projects is concerned, it is proposed to associate the Regional Directors with this work so as to keep them in touch with concerned authorities of the State Government and ensure that the projects are completed in time and delays in the process of completion, if any, are looked into properly and adequately, at the State Government level, thus ensuring timely completion of the projects.

As is well known, the capital construction programme under the E.S.I. Scheme has been very much slowed down and presently fresh sanctions are limited to inescapable projects. The tight fiscal conditions would not, for the present, permit new construction to be undertaken for quite some time to come, except what is essential and inescapable. In the context of this position and the fact that the execution of the works already sanctioned, has been entrusted to the Agencies of the State Government, it is submitted that the proposed change over even if effected may not serve any useful purpose, at this juncture. However the recommendations of the Committee would be taken into account in future when financial position improves and further construction is permissible.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 64, Para 7.127)

The Committee trust that expeditious efforts would be made to persuade the State Governments to utilise the excess beds for general public and if necessary the matter should be taken up at an appropriately higher level.

Reply of Government

Recently, the Corporation has communicated the number of surplus beds in various hospitals to the Union Ministry of Health and Family Planning. A representative of the Corporation attended the annual meeting of the Family Planning Department where the Directors of Health Services and the Secretaries of the State Governments were present and it was pleaded with them to utilise some of the excess beds for family planning sterilisation work. The Union Health Ministry have also strongly recommended to the various States and it is hoped that the State Governments will be able to use some of the excess beds for family planning purpose. In addition the Corporation has also requested the State Governments to divert some of the ESI excess beds for use of general public.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 65, Para 7.133)

The Committee are unhappy to note that due place has not been accorded under the Employees' State Insurance Scheme to the preventive and restorative care. Even pilot project of integrated pre-

ventive and curative services introduced so late as 1964 in Delhi does not seem to have made much head-way as is evident from the fact that it has not been so far considered necessary to undertake a study to evaluate the impact of the project on the incidence of the sickness. Similarly, the project in Hyderabad had been abandoned a couple of years back itself and in Kanpur no progress has been made. The Committee consider that for a developing country like India prevention is as important as treatment and should not be neglected. They suggest that a definite programme in this respect —whether it is rendered as part and parcel of the outdoor service or a separate preventive service is created—should be chalked out as early as possible. The programme should be well thought out and systematic in its operation so that a proper liaison is established with the public health programme undertaken by the State Governments. If the programme is to be a part and parcel of out-door services, where it is more likely to be appreciated, special efforts would be needed for the panel areas to see that the panel doctors adapt to the extra burden readily.

Reply of Government

The recommendation of the Estimates Committee has been noted and once again the efforts will be made to gear up the machinery for rendering preventive service. From the experience gained so far, it is considered that it would not be advisable to set up distinct separate service for preventive care. Optimum result can be achieved if the Insurance Medical Officers|Panel Practitioners, make a concerted effort to provide preventive services as part of the general out-door care. To keep proper and regular check a proforma to obtain the statistics from the States, containing the vital information with regard to preventive services is being devised.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 66, Para 7.139)

The Committee learn that in developing countries, where the direct pattern of providing medical care is more often applied, the needs for disease prevention are most urgent. A number of infectious diseases, which are largely responsive to currently known preventive measures, are still endemic or epidemic. Aside from the environmental controls, people must be educated about the hazards of polluted water, about infant feeding, about proper excreta disposal, about insect vectors of disease and so on. They must also be educated about the importance of seeking medical care soon

enough. Immunisations against smallpox, diptheria, tetanus and poliomyelitis are essential, Prenatal care is necesasry to reduce the hazards of child-birth. Numerous precautions are feasible to prevent the spread of tuberculosis, syphilis, trachoma and other chronic infections. The need of all these precautions underline the importance of health education programme for workers who are mostly illiterate and ignorant. While noting that the Scheme draws upon the facilities and services available from the Central and State Health Education Bureaus, the Committee recommend that the programme of preventive and restorative care as suggested earlier should also include a systematic Health Education programme.

Reply of Government

The recommendation of the Estimates Committee has been noted and once again the efforts will be made to gear up the machinery for rendering Health Education service. From the experience gained so far, it is considered that it would not be advisable to set up distinct separate service for Health Education. Optimum result can be achieved if the Insurance Medical Officers|Panel Practitioners, make a concerted effort to provide Health Education service as part of the general out-door care. To keep proper check, we are devising a proforma to obtain the statistics from the States, containing the vital information with regard to Health Education.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970.]

Recommendation (Serial No. 67, Para 7.140)

In this connection, the Committee need not over-emphasize the significant role which YOGA can play in disease prevention. However, they regret that efforts so far undertaken in that regard have either yielded no results or proved to be still-born. The Committee hope that such activities would in future be organised in a well-planned and systematic manner and a constant watch kept on their progress so as to ensure fruitful results.

Reply of Government

The recommendation of the Estimates Committee will be communicated to the State Governments for their consideration. While doing so they would be requested to work out feasibility for imparting education in YOGA for the benefit of the insured persons. However, keeping in view the past experience, the States would be asked to make use of the existing facilities in the first instance rather

than organise separate YOGA classes for the beneficiaries of the Scheme.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

.. **Recommendation (Serial No. 69, Para 7.155)**

While realising that the provision of medical care is arranged by the State Governments, the Committee feel that the Corporation should evince greater interest in matters which although may fall strictly speaking within the sphere of State responsibility yet effect to a large extent the well-being of the insured persons. The importance of the results of effective family planning measures in relation to workers need not be exaggerated in view of their obvious potentiality in bringing down the incidence of sickness amongst workers. The Committee trust that co-ordinated measures be taken in consultation and co-operation with the Union Ministry of Health and Family Planning and the State Departments concerned to ensure that proper and adequate facilities for family planning are made available at all the E.S.I. Hospitals and Dispensaries.

Reply of Government

The Corporation has already established liaison with the authorities in the Department of Family Planning to work out a co-ordinated Scheme for the benefit of the insured persons and members of their families is the sphere of Family Planning. It is being considered that all the institutions, namely, dispensaries, hospitals etc. under the E.S.I. Scheme should act as family service centres for the use of the beneficiaries. The matter was discussed in a meeting of the Health Secretaries and Directors of Health Services of all States which was organised by the Department of Family Planning.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 70, Para 8.6)

The Committee regret to observe that although a period of more than 4 years has elapsed since the Report of the Review Committee was submitted to the Government, almost one-third of its recommendations are yet awaiting decision and in respect of many of them final action by way of amendment in the statute or otherwise is still pending. The Committee need hardly emphasize that unless quick

decisions are taken on the recommendations made by a body entrusted with the function of reviewing the working of a Scheme and the same are implemented expeditiously by the Government, the very objective of appointing such a body is bound to be defeated. The Committee would urge upon the Government to finalise their decisions on all the recommendations of the Review Committee which have already been delayed and take speedy steps to ensure their early implementation.

Reply of Government

The observations of the Estimates Committee have been noted for appropriate action.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 71, Para 8.11)

The Committee note the publicity measures taken from time to time by the Corporation for the benefit of workers, employers and others concerned. They are happy to note that in all the medium size and large local offices, reception counters have been set up to assist the workers in understanding the statutory provisions and filling in their claims for benefits provided under the scheme. The Committee suggest that the Employees' and Employers' Guides which were printed last in 1963 and 1964 respectively, should be revised and made up-to-date from time to time for wider circulation among employees and employers. Both of these booklets should also contain a brief "Do's and Don't" for employees and employers.

Reply of Government

The revised version of the Employees' Guide has already been sent for printing.

The revised version of the Employers' Guide to be titled "Hand Book for Employers" is in the process of finalisation.

A brief "Do's and Don'ts" will be included in the Guide wherever necessary.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 72, Para 8.12)

The Committee, however, do not find sufficient justification to create regular Public Relations Organisation at the Headquarters and at the Regional Offices as recommended by the ESIS Review Committee. They feel that the job sought to be entrusted to the proposed Public Relations Organisation may as well be performed by one of the existing Divisions at the Headquarters.

Reply of Government

The observation has been noted.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 73, Para 8.18)

Prima facie there appears to be a little relationship between the number of Employees' Insurance Courts and the number of cases filed during the last three years in the respective regions. The Committee suggest that the position may be reviewed and the number of courts in each region determined according to the actual workload.

Reply of Government

The position is constantly under review and new Employees' Insurance Courts are set up only where necessary.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Recommendation (Serial No. 5, Para 2.27)

The Committee further note that the State of Nagaland has not yet been represented on the Corporation. They sugest that necessary steps may be taken in that regard without further delay.

Reply of Government

The matter has been examined. The Government of Nagaland have intimated that as the Scheme has not yet been implemented in Nagaland, the question of nominating their representative on the Employees' State Insurance Corporation does not arise at this stage. The matter will be taken up again with the State Government when the Scheme is implemented in Nagaland.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI, dated 16th November, 1970].

Recommendation (Serial No. 11, Para 2.53)

In the view of the Committee, the Regional and Local Medical Benefit Councils have an important role to play so as to ensure provision of efficient medical service to the beneficiaries of the Scheme. They are surprised that no attention has been paid all these years to set up these bodies even though there existed a statutory provision in that regard. The Committee recommend that these bodies may be set up and necessary regulations specifying their functions etc. be framed without further delay.

Reply of Government

The Standing Committee has expressed the view that the relevant provision relating to the appointment of Regional and Local Medical Benefit Councils contained in Sec. 25 of the Employees' State Insurance Act may be deleted as the formation of such Regional and Local Councils is not necessary. This view has been accepted by the Employees' State Insurance Corporation. The Medical Profession is

adequately represented on the Regional Boards and Local Committees.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI, dated 16th November, 1970].

Recommendation (Serial No. 18, Para 3.22)

The Committee are not convinced by the Statement of the Director General that there is no much scope for corruption in view of the small amount of claims and the claimants' right to approach Local Office Manager or the Regional Director. In their opinion, for officers having direct public dealings, particularly cash payments in pursuance of public claims, there should be some kind of vigilance to keep a check on corrupt practices which may result in harassment to the claimants and sometimes in the denials of payments, even. They recommend that a Vigilance and Inspection Cell under the charge of an officer of a rank not less than Local Office Manager should be created in each Regional Office to investigate into the complaints of corruption and also pay surprise visits to Local Offices for on the spot enquiries from the claimants if they are encountering any difficulty in getting payments. The Officer may also discharge the function of survey of Local Offices as suggested by the Review Committee.

Reply of Government

The Estimates Committee have recommended the creation of a combined Vigilance and Inspection Cell in each Region under the charge of an officer of a rank of not less than a Local Office Manager. Apart from investigating into complaints of corruption and paying surprise visits to the Local Offices, the Officer will also discharge the function of survey of Local Offices as suggested by the Estimates Committee. It may be stated in this connection that the ESIS Review Committee had recommended the creation of a Survey Branch under the control of an officer of the rank of a Deputy Regional Director or an assistant Regional Director in each Regional Office. This recommendation was accepted by the Standing Committee and the Corporation and it was further decided that for independent and impartial inspection, the Employees' State Insurance Corporation should have a Central Inspection Unit at the Hqrs. Office and Local Units in each Region. As yet, an independent Central Inspection Unit has not been created at the Hqrs. Inspection of Local Offices in the Regions is also improvised through an existing officer in the Region or by allocating the work of inspection among the several officers in the Region.

Taking the decision of the Corporation on the aforesaid recommendation of the ESIS Review Committee together with the recommendation now made by the Estimates Committee, the Director General, Employees' State Insurance Corporation, made the following proposals:—

(i) A Central Inspection and Vigilance Unit at the Hqrs. of the Corporation headed by an officer of the rank of Regional Director, Grade-I, who would assume responsibility for inspection of all Regional and Local Offices and all vigilance cases reported or referred to him or coming independently to his knowledge may be set up.

(ii) In the Regions, there should be a corresponding Inspection and Vigilance Cell under the charge of an Officer of the rank of a Deputy Regional Director|Assistant Regional Director responsible for inspection and survey of Local Offices and for vigilance cases.

The Standing Committee has not, however, accepted the recommendations regarding the creation of a Vigilance Cell in the Regional Offices or at the Headquarters of the Corporation. The Employees' State Insurance Corporation has agreed with the Standing Committee.

The Employees' State Insurance Corporation will be asked to reconsider the matter when the financial position of the Corporation improves.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI, dated 16th November, 1970].

Recommendation (Serial No. 40, Para 6.17)

The Committee note with satisfaction that the standard of maternity benefit, disablement benefit and dependants' benefit compares favourably with the minimum standard set out in I.L.O. Convention, 1952, concerning minimum standards of social security as also with the standards obtaining in other countries. They, however, regret to find that in the matter of sickness benefit particularly in regard to its duration, India lags behind most of the countries. In fact, it does not conform even to the minimum standard laid down in the I.L.O. Convention. The Committee recommend that the duration for the admissibility of the sickness benefit

should be enhanced to 91 days and thereafter gradually with the ultimate aim of achieving the I.L.O. standard of 26 weeks within a reasonable period.

Reply of Government

The recommendation No. 32 of the ESIS Review Committee was also of similar nature recommending increase in the duration of sickness benefit from 56 days to 91 days and ultimately to 26 weeks. The Corporation has already accepted this recommendation, but it is found that the implementation of this recommendation relating to enhancement in the duration of sickness benefit from 56 days to 91 days will result in the direct increase in the cost of benefit. In view of the current financial position of the Corporation, it would seem inadvisable to introduce the legislative change in pursuance of this recommendation.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 41, Para 6.18)

The Committee further recommend that the list of diseases for extended sickness benefit should be periodically reviwed so as to include in it the diseases warranting extended benefit and omiting those which do not warrant such benefit. The feasibility of enhancing the rate of benefit for long-term diseases particularly like cancer, leprosy, tuberculosis etc., may also be examined.

Reply of Government

The list of diseases for extended sickness benefit is being periodically reviewed. It was last reviewed by the Corporation very recently on 14-2-1970. As regards the feasibility of enhancing the rate of benefit for long-term diseases, it may be mentioned that, to begin with, the extended sickness benefit was payable only at half the rate of sickness benefit or 12 *As.* whichever was higher and that too for a period of *six months inclusive of the period of* 56 *days* of Sickness Benefit. This rate has already been enhanced to the full sickness benefit rate itself w.e.f. 1-1-1964 and the duration is also increased upto 309 *days* (in addition to 56 days of normal sickness benefit) in respect of some specified diseases and 124 days (*in addition*

to 56 days of normal sickness benefit) in respect of other specified diseases.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

Recommendation (Serial No. 68, Para 7.151)

The Committee are constrained to observe that the measures taken so far with regard to rehabilitation of disabled insured persons are totally inadequate. For re-training and re-employment, no steps have been taken even worth the name. The Committee recommend that the Corporation should consider the matter in all its aspects and chalk out a long term programme for phased implementation. They trust that the Standing Committee would keep a watch on the progress of implementation of the programme and also evaluate its results from time to time.

Reply of Government

The recommendation of the Estimates Committee covers a vast field of rehabilitation, re-training and re-employment of insured persons, who are disabled or injured while in employment. Section 19 of the E.S.I. Act provides for promoting measures for the rehabilitation and re-employment of insured persons, out of the funds of the Corporation within such limits as may be prescribed by the Central Government. It will thus be seen that the provision of the above measures is not ocvered by the main Scheme of the benefits available under the Employees' State Insurance Act, though a specific provision has been made therefor.

So far as the rehabilitation measures are concerned, the Corporation has already set up physiotherapy departments in various centres where big E.S.I. Hospitals are located. Further, arrangements for provision of artificial limbs have also been made with the Artificial Limbs Centre, Poona, V. S. Hopsital, Ahmedabad, All India Institute at Bombay, Tirathram Shah Hospital, Delhi etc. Efforts are being made to take the assistance of other institutions where facilities for provision of artificial limbs are available.

Regarding employment|re-employment of partially disabled persons, the ESIS Review Committee had also, recommended that a statutory obligation should be placed on the employers to continue in employment and to assign suitable work to persons who become partially disabled as a result of industrial accidents in the employers'

establishment (Recommendation No. 105). This recommendation is due to be placed for consideration before the Standing Labour Committee.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4|8|69-HI dated 16th November, 1970].

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH GOVERNMENT'S REPLIES HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Serial No. 2, Para 2.24)

The Committee consider the association of Ministers as Chairman, Vice-Chairman or Members of the Corporation and the Standing Committee, which are composed largely of Officials, as un-usual. An anomaly is created when the same Minister in his capacity of the head of the Administrative Ministry overrules the decision of the Corporation which also is presided over by him. Obviously, therefore, the practice does not fit in with the general supervisory powers' vested in the Central Government under the Employees' State Insurance Act. The Committee recommend that Government should adopt practice of appointing a prominent publicman with necessary knowledge and experience of promoting labour welfare to fill the office of Chairman of the Corporation for a fixed term to be specified in the Act.

Reply of Government

The Union Labour Minister has been nominated as Chairman of the Employees' State Insurance Corporation. Under the Employees' State Insurance Act, 1948 the Central Government is *inter alia* responsible for (a) fixing the rate of contribution payable by employers and (b) promoting uniformity of standards and benefits in the working of the Scheme and co-ordination among the various State Governments, while the State Governments are responsible for administration of medical care under the Scheme. The Corporation has been facing financial difficulties recently. To meet the situation, it had to take certain decisions, including imposition of a ceiling of Rs. 50/- per employee per annum on the cost of medical benefit which is administered by State Governments. It seems necessary to continue the Union Labour Minister as Chairman of the Corporation for the present to secure co-operation of the State Governments in the administration of the Scheme, particularly to implement the ceiling of Rs. 50 per employee per annum on the cost of medical benefit mentioned above.

The recommendation of the Estimates Committee has also been considered by the Standing Committee and the Corporation. The

members of the Standing Committee were of the view that the present arrangement under which the Minister of Labour is the Chairman of the Corporation should continue in the larger interests of the Corporation. The Employees' State Insurance Corporation has accepted the view of the Standing Committee. In the circumstances, it is proposed to continue the present arrangement for some time. The matter will be reviewed in due course. In view of the position explained above Government regret their inability to accept the recommendation of the Committee for the present.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69—HI dated 16th November, 1970.]

Comments of the Committee

The Committee are not satisfied with the reply of Government. Please see comments in paras 1-30 of Chapter I of the Report.

Recommendation (Serial No. 3, Para 2.25)

The Committee further recommend that the Chairman of the Standing Committee should be nominated from amongst the workers' and employers' representatives to hold office for a period of two years by rotation.

Reply of Government

The Secretary, Department of Labour and Employment, is now the Chairman of the Standing Committee. As explained in the reply to recommendation No. 2, it is necessary to secure the co-operation of State Governments in administration of the Scheme and in implementing the decisions taken by the Corporation. It is, therefore, proposed to continue the present arrangement for some time. The matter will be reviewed in due course. The recommendation of the Estimates Committee has also been considered by the Standing Committee and the Employees' State Insurance Corporation. The Standing Committee and the Corporation have not supported the suggestion that the Chairman of the Standing Committee should be nominated from among the workers' and the employers' representatives by rotation.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69—HI dated 16th November, 1970.]

Comments of the Committee

The Committee are not satisfied with the reply of Government. Please see comments in paras 4—7 of chapter I of the Report.

Recommendation (Serial No. 14, Para 3.10)

The Committee find that since the inception of the Corporation the post of Actuary has been held independently only for a period of about 10 years. During the other 10 years, the post was lying vacant or had been held by the Insurance Commissioner or Financial Adviser and Chief Accounts Officer in addition to their respective duties. At present too the Financial Adviser and Chief Accounts Officer is performing the duties of Actuary. It is thus evident that there is not sufficient justification for having a separate post of Actuary. The Committee recommended that the post of Actuary may be abolished hence-forth and its functions and duties merged either with the Insurance Commissioner or Financial Adviser and Chief Accounts Officer as may be considered more appropriate from the practical point of view.

Reply of Government

While it may appear on paper that the post of Actuary has been held independently only for a period of about 10 years out of 20, the fact remains that the Corporation was never without the services of a fully qualified Actuary even for a single day. In the earlier years, Shri K. K. Bhargava, M.Sc. F.I.A., was a full time Actuary of the Corporation and when he was appointed as Insurance Commissioner he was asked to continue to look after the Actuarial side which in those formative years, did not really require whole-time attention. After Mr. Bhargava's death, Shri S. P. Jain was a whole time Actuary for a period of about a year and thereafter Shri V. R. Natesan, M.A.B.L., F.I.A., who was already on the staff of the Corporation as Regional Director was appointed as a full time Actuary at the Headquarters Office. By this time sufficient data had begun to emerge and there was enough work for a whole-time Actuarial Division which has steadily grown in the course of the years. This can easily be verified by a persual of our Annual Reports. The Annual Reports upto the years 1959-60, when we did not have a whole-time Actuary, gave the barest possible statistical data. The Annual Reports for subsequent years, when we had a full time Actuary on the job, give statistical data in details with the result that in the year 1963-64, the Annual Report had to be bifurcated into 2 parts—one dealing with the running matter and the other as the statistical supplement. The enormous growth in the compilation, analysis and interpretation of the data thrown up by the Scheme would not have been possible but

for the fact that we had a fulltime Actuary on the job. Further during this time, the system of reviewing on a systematic basis the incidence of sickness and disablement, etc., claims was initiated and improved upon from time to time and now in respect of every Region and within each Region in respect of each centre (we have in all about 316 Centres), the review is made annually twice in respect of each State with a view to keep down the incidence wherever this is traced to be higher; in addition many investigations on the cash and other benefits have been undertaken apart from rendering technical advice to the Ministry of Labour etc., on Social Security problems.

It does not seem possible to visualise any insurance institution without an Actuary. Apart from the huge statistical data which has to be sorted out and analysed, it is the job of the Actuarial Division to keep a watch on the trends in the incidence of various benefits and to alert Regions where any of these trends show unhealthy signs as already stated. It is also their primary function to keep a watch on the special funds created for payment of Permanent Disablement and Dependent's Benefit. These are long-term benefits and the solvency of the funds through which they are to be paid, can only be assessed by a fully qualified Actuary. The provision of Section 37 requiring Quinquennial Valuation is itself an evidence of the actuarial importance of the Scheme and unless the Corporation has a whole-time Actuary to look after the work from day-to-day were quinquennial valuation will be of little value. The Parliament apparently appreciated this position and that is why, it made a specific provision for the appointment of full time Actuary as one of the Principal Officers of the Corporation under Section 16(1) (e). This position has not changed in the least and there would be no justification to withdraw the post of an Actuary now. In fact, over the course of years, the statistical and actuarial work has considerably increased and if anything, there is greater justification for the retention of the post, if not for further development. In the circumstances, Government regret their inability to accept the recommendation that the post of Actuary may be abolished.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69—HI dated 16th November, 1970.]

Comments of the Committee

The Committee are not satisfied with the reply of Government. Please see comments in paras 8—10 of Chapter I of the Report.

Recommendation (Serial No. 56, Para 7.56)

The Committee would like to recommend that feasibility of creating a separate all India cadre of E.S.I. medical officers on the lines of Central Health Service with an ear-marked quota for each State be examined in consultation with the State Governments. The Committee feel that the creation of an all India cadre under the overall control of the Corporation would inculcate a sense of belonging to the Scheme in the minds of those serving it and also enable the Corporation to have an effective control over the administration of medical care.

Reply of Government

The matter has been considered by the Standing Committee and the Employees' State Insurance Corporation which have agreed that the present system of administration of medical care through the State services may continue, as it makes readily available to the Corporation the experience of the State Governments also. All State Governments are represented on the Employees' State Insurance Corporation.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69—HI dated 16th November, 1970.]

Comments of the Committee

The Committee are not satisfied with the reply of Government. Please see comments in paras 11—13 of Chapter I of the Report.

Recommendation (Serial No. 75, Para 8.34)

The Committee are distressed to note that although the attention of the Government as to the desirability of having a comprehensive social security scheme was drawn by the Study Group as far back as 1958, no progress has been made in that direction so far. They learn that in many other countries the proliferation of special or complementary social security schemes has raised a delicate but inescapable problem of coordination. The Committee, therefore, need hardly stress the importance of an integrated social security scheme not only for administrative reasons but also in view of the social security objectives of parity of benefits and equalisation of charges, corresponding to the egalitarian tendencies of modern societies. The Committee urge upon the Government to take early steps to formulate a plan for an integrated social security scheme comprising the existing as well as proposed schemes, to be gradually implemented within a set period of time.

Reply of Government

The Central Government had appointed a Working Group with the Director General, Employees' State Insurance Corporation, as the Chairman to examine the question of integration of Social Security Schemes. The Report of the Working Group has since been received and the proposal for merger of the Employees' State Insurance and the Provident Fund Schemes has been accepted in principle. As the first step towards the merger, it is proposed to appoint a Special Officer to consider the practical issues and to work out the essentials of an Integrated Scheme. Further action will be taken after the Report of the Special Officer becomes available.

[Ministry of Labour, Employment and Rehabilitation (Department of Labour and Employment) O.M. No. 4/8/69-HI dated 16th November, 1970.]

Comments of the Committee

The Committee are not satisfied with the reply of Government. Please see comments in para 14—16 of Chapter I of the Report.

Recommendation (Serial No. 76, Para 8.35)

In this context, the Committee would like to invite attention to the observations made by them in their 90th Report (Second Lok Sabha) and also recently in their 116th Report on Employees Provident Fund Organisation and stress that the merger of ESI and EPF Schemes would lead to two-fold advantages of laying the foundation of a comprehensive social security scheme and reducing over-head costs of the individual schemes. They suggest that all necessary steps including any modification in the relevant statutes, for the integration of these two schemes should be taken without any further delay and their completion ensured by a fixed target date. The Committee would further suggest that a coordination committee consisting of representatives of both the Organisations should be constituted to keep a watch with regard to progress of the implementation of the merger scheme.

Reply of Government

The position regarding integration of the E.S.I. and the Provident Fund Schemes has been explained in reply to recommendation No. 75. The question of setting up a Co-ordination Committee to watch

the progress of implementation of the Integrated Scheme will be considered on receipt of the report of Special Officer.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69—HI dated 16th November, 1970.]

Comments of the Committee

The Committee are not satisfied with the reply of Government. Please see comments in Paras 17—19 of Chapter I of the Report.

CHAPTER V

RECOMMENDATION IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Recommendation (Serial No. 7, Para 2.29)

As for the representation of medical profession on the Corporation, Standing Committee and the Medical Benefit Council, the Committee do not appreciate the reasons for ignoring the claim of National Integrated Medical Association and Insurance Medical Practitioners (Ayurvedic) Association when a good number of their members are serving under the ESIS as panel or service doctors and have been recognised by the Corporation at par with other practitioners of modern system of medicine. The mere fact that the Associations consist of those who practice integrated or indigenous systems of medicine should not be regarded as a disqualification for their representation on the said bodies. The Committee are of the view that the question of according recognition to these Associations should be examined *de novo* on merits in the light of the above observation.

Reply of Government

Representatives of the medical profession on the Corporation and the Medical Benefit Council are appointed by Central Government on the advice of the Department of Health. The representative of the medical profession on the Standing Committee is elected by the Corporation from among members of the Corporation representing the Medical Profession. The question of according recognition to the National Integrated Medical Association and the Insurance Medical Practitioners (Ayurvedic) Association has been taken up with the Department of Health as suggested by the Estimates Committee.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69—HI dated 16th November, 1970.]

Recommendation (Serial No. 12, Para 2.64)

While conceding the need of general supervision and control of the Central Government over the working of the ESIC, the Committee feel that after setting up a tripartite body to administer the scheme certain degree of autonomy is essentially required for its effective functioning. It is quite understandable that in the initial

stages of the scheme, the Central Government thought it fit to exercise a greater caution and hence to retain both the financial and administrative control in various ways in regard to the functioning of the Corporation. Now that the Corporation has come of age the two main parties—workers and employers—should have sufficiently grown in consciousness and maturity to manage the scheme to their best interests without the Central Government having to play, the same predominant role in the affairs of the Corporation. It is also to be remembered that unlike other Statutory Bodies and Public Undertakings where the Government may justifiably seek to have a greater financial as well as administrative control, the ESIC is a non-commercial organisation meant to administer a scheme of social security financed mainly out of the funds contributed by workers and employers themselves. The Committee urge that the power exercisable by the Central Government should be scrutinised thoroughly to confine them only to matters of broad policy requiring specifically their guidance, direction and control, leaving the rest to the decisions of the Corporation. The ESI Act may also be amended suitably, if considered necessary, in course of time.

Reply of Government

The ESIS Review Committee has also made similar recommendations, i.e., Nos. 122 and 123, in its Report. They are awaiting consideration by the Standing Labour Committee. A decision will be taken in the matter after the views of the Standing Labour Committee are known.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69—HI dated 16th November, 1970.]

Recommendation (Serial No. 22 Para 3.36)

The Committee are not aware of the circumstances in which the Corporation is regarded as an 'Industry' under the Industrial Disputes Act while its employees are treated as Central Government employees for all practical purposes. They suggest that Government should examine this question and take suitable steps so as to remove the anamoly, if any.

Reply of Government

The question whether the Employees' State Insurance Corporation is an "industry" for purposes of the Industrial Disputes Act, 1947 is being reconsidered in the light of the recent judgement of the Supreme Court in the Safdarjung Hospital case.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69—HI dated 16th November, 1970.]

Recommendation (Serial No. 32, Para 5.7)

The Committee are surprised to note that in spite of the recommendation made by the Study Group on Social Security in 1958 and again by the ESIS Review Committee in 1966, the Government have thought it fit to retain the transitory provisions in the E.S.I. Act uptil now. They consider that the retention of these provisions for such a long period have neither been conducive to the implementation and growth of the scheme nor even served the interest of employers as a whole. With the recent decision of the Government to raise the Employer's Special Contribution to 4 per cent for implemented areas in order to enable the Corporation to meet its outstanding liabilities on revenue account and a part of its committed capital programme, it has become clear that Government too are veering round to the view that the restoration of the scheduled rate of employer's contribution is essentially called for. The Committee urge that Government should take early steps to repeal these provisions so that the financial resources of the Corporation to that extent are assured and facilitate future planning.

Reply of Government

Please see the reply to Recommendation No. 25.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69—HI dated 16th November, 1970.]

Recommendation (Serial No. 33, Para 5.14)

The Committee are of opinion that in view of a marked rise in the cost of living index in recent years, early steps should be taken by the Government to raise the exemption limit to Rs. 3.00 per day.

Reply of Government

Please see the reply to Recommendation No. 25.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69-HI dated 16th November, 1970.]

Recommendation (Serial No. 35, Para 5.31)

One notable aspect in regard to the present arrears is that the bulk of the amount is found to be due from the big industries like textiles etc. The main factor responsible for it is stated to be the industrial recession which affected these industries in 1965. In the opinion of the Committee, this reason does not hold valid any longer in view of

the improved economic situation. At any rate, the Committee would like the Government to examine the feasibility of providing by law the collection of Employer's and Employee's Contributions as a cess or as excise duty at least from the organised sector of industries. They feel that this way of collection would ensure speedy and easy recovery of contributions and also obviate the huge sums of contributions falling in arrears. This may also result in reduction of administrative cost of collection of contributions.

Reply of Government

The collection of Employers' and Employees' Contribution as Cess or as Excise duty would require a radical change in the Act as in that event the present relationship between the Contributions and the Benefits may also be lost. Moreover, such a provision would be unprecedented in a contributory Scheme of Social Security. However, the question of feasibility of such a provision will be examined by Government as suggested by the Committee.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69-HI dated 16th November, 1970.]

Recommendation (Serial No. 36, Para 5.44)

It can hardly be disputed that the benefits provided at present under the Employees' State Insurance Scheme, particularly with regard to provision of medical care, are by no means adequate to meet the needs of the working class. The over-increasing rise in the cost of living seems to have become a permanent feature of our economy. Then there is growing consciousness too among workers about their rights and corresponding duty cast on their employers and the Government which is committed to the ideal of a Welfare State. It is, therefore, quite natural that the workers should ask for more and more with the passage of time. The need for wider coverage under the scheme, grant of hospitalisation facilities to the families of workers, construction of additional beds and provision of better and efficient outdoor, specialists' and indoor facilities also cannot be ignored for long. All these demands on the Corporation cannot obviously be met from within the limited resources of the Corporation which are primarily built up from the employees' and employers' contribution and which can meet almost only the current revenue expenditure. It has also to be remembered in this connection that in other developing countries, a fair proportion of the cost of the scheme is borne by the State. The argument that State's share in India is contributed

by the State Governments is untenable as the latter contributes only a meagre share of cost of medical benefit alone while the scheme provides other benefits too. For even public health Services alone, the State in many countries bears substantial parts of cost of its financing, the proportion very often being around 20 to 30 per cent. In some countries, it is much higher. For example, in the British National Health Service, the State pays about 90 per cent of the cost the balance being met by a contribution from the National Insurance Fund, which itself includes a State contribution. Financial participation by the Central Government would also justify the control excercisable by them in relation to the affairs of the Corporation. The Committee would, therefore, strongly recommend that the Government of India should contribute towards the cost of E.S.I. Scheme. The share of their contribution should be determined by them in the light of the suggestions made by the ESIS Review Committee in this regard, the long-term needs of the scheme and the practice obtaining in other countries having similar benefit-giving schemes, Government should also consider the question of giving financial assistance to the Corporation by way of grants|loans specifically for the purpose of fulfilling its capital needs such as construction of hospitals|dispensaries, etc.

Reply of Government

Please see the reply to Recommendation No. 25.

[Ministry of Labour, Employment and Rehabilitation (Department of Labour and Employment) O.M. No 4|8|69-HI dated 16th November, 1970.]

Recommendation (Serial No. 37, Para 5.54)

The Committee are unhappy over the casual manner in which the Corporation agreed to the reduction in the share of the State Governments towards the cost of medical care from one-third to one-fourth and then to one-eighth for which there existed no justification whatsoever except that the Corporation had got accumulated funds rendered surplus owing to slow implementation of the Scheme. In fact according to the suggestions of the ILO experts, the share of the State Governments should have been increased from one-third to two-third in the event of extension of medical care to families of workers; surprinsingly it was reduced even further from one fourth to one-eighth. Now the position is that many of the States are not even spending that much *per capita* amount for medical care under the Scheme, which they are otherwise spending on the general population in their respective States. Public health being their primary responsibility under the Constitution, actually it should not require much hairsplitting to make them realise their constitutional obliga-

tion and to shoulder the burden of a reasonable share of expenditure under the Scheme. The Committee recommended that the matter should be reconsidered by the Corporation which is composed of State representatives also, with a view to raise the State's share to an appropriate level in any case not less than what each State is normally spending on the general public, and if necessary Government of India should also use their good offices in the matter.

Reply of Government

Please see the reply to Recommendation No. 25.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69-HI dated 16th November, 1970.]

Recommendation (Serial No. 38, Para 5.55)

The Committee further suggest that desirability of specifying the State's share in the statute itself without leaving it to the individual agreements, may also be examined at an early date.

Reply of Government

It is proposed to refer this recommendation also to the Committee to be set up to go into the financial resources of the Scheme on a long term basis (*vide* reply to recommendation No. 25).

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69-HI dated 16th November, 1970.]

Recommendation (Serial No. 46, Para 6.51)

The Committee are not convinced by the pleas given by the representatives of the Corporation against the introduction of 'No-claim Bonus' Scheme. Similar pleas are usually put forward in respect of any new proposal of this kind. In fact, the statement of the representative of the Corporation that the expected number of claims under the Scheme would be 'very very few' indicates that there would hardly be any marked increase in the cost of administration on account of this Scheme. Rather the likely benefits owing to change in psychology of workers would be far more in concrete terms. The Committee, therefore, while endorsing the views expressed by the National Commission on Labour recommend that a suitable scheme of 'No-claim Bonus' for workers who do not avail of any benefit under the Employees' State Insurance Scheme during the year, should be framed for early introduction.

Reply of Government

It is proposed to refer this recommendation which has financial implications also to the Committee to be set up to go into the financial resources of the Scheme on a long term basis (*vide* reply to recommendation No. 25).

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69-HI dated 16th November, 1970.]

Recommendation (Serial No. 63, Para 7.126)

As also recommended earlier, the Committee further suggest that both the Central and State Governments should consider the question of giving financial assistance to the Corporation by way of grants| loans for the purpose of undertaking the construction programme.

Reply of Government

Please see the reply to Recommendation No. 25.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69-HI dated 16th November, 1970.]

Recommendation (Serial No. 74, Para 8.19)

The Committee further recommended that the suggestion of the Review Committee with regard to procedure for the disposal of cases and provision of a maximum time limit of three months for adjudication of claims by the Employees' Insurance Courts should be implemented expeditiously.

Reply of Government

The ESIS Review Committee had made the following recommendation with regard to the procedure for the disposal of cases and provision of maximum time limit for adjudication of claims by the Employees' Insurance Court:—

"(a) The Employees' Insurance Court should follow the summary procedure.

(b) The Employees' Insurance Court Rules should provide a time limit of 3 months for adjudication of claims."

The above recommendation of the Review Committee was considered by the Corporation at its meeting held on 31st October and 2nd

November, 1966. The Corporation felt that it might not be legally permissible to follow summary procedure and to fix time limit for adjudication of claims and was therefore of the view that *status quo* should continue.

The recommendation of the Review Committee is now awaiting consideration of the Standing Labour Committee.

[Ministry of Labour, Employment & Rehabilitation (Department of Labour & Employment) O.M. No. 4/8/69-HI dated 16th November, 1970.]

NEW DELHI;
December 26, 1970.
Pausa 5, 1892 (*S*).

K. N. TEWARI,
Chairman,
Estimates Committee.

APPENDIX

(*Vide* Introduction)

Analysis of the action taken by the Government on the recommendations contained in the 123rd Report of the Estimates Committee (Fourth Lok Sabha)

I.	Total number of Recommendations	76
II.	Recommendations which have been accepted by Government (*vide* recommendations at S. Nos. 1, 4, 6, 8, 9, 10, 13, 15, 16, 17, 19, 20, 21, 23, 24, 25, 26, 27, 28, 29, 30, 31, 34, 39, 42, 43, 44, 45, 47, 48, 49, 50, 51 52, 53, 54, 55, 57, 58, 59, 60, 61, 62, 64, 65, 66, 67, 69, 70, 71,72 and 73).	
	Number :	52
	Percentage to Total	68.4
III.	Recommendations which the Committee do not desire to pursue in view of Government's replies (*vide* recommendations at S. Nos. 5, 11, 18, 40, 41 and 68).	
	Number : . .	6
	Percentage to Total	8
IV.	Recommendations in respect of which replies of Government have not been accepted by the Committee (*vide* recommendations at S. Nos. 2, 3, 14, 65, 75 and 76).	
	Number:	6
	Percentage to total	8
V.	Recommendations in respect of which final replies of Government are still awaited : (*vide* recommendations at S. Nos. 7, 12, 22, 32, 33, 35, 36, 37, 38, 46, 63 and 74).	
	Number :	12
	Percentage to total	15.6

GMGIPND—LSII—3415 (aii) LS—29-1-71—1160.

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